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FINANCIAL TIMES



Mexico's Zedillo

Condemned to live with the past

Technology, Page 8

The fuel cell

New prospects for

an old technology



Bosnia Longer and



Weekend FT To ban or not to ban?

FRIDAY AUGUST 2 1996

#### German economic growth expected to pick up next year

The growth rate of the German economy should pick up again next year, but the Ifo economics insti-tute is forecasting a 2 per cent rise after only 0.75 per cent growth this year. It warned that high unemployment would persist as industry continued to rationalise in an attempt to cut costs and increase competitiveness. Page 12

Shell seeks polyester alliance: Royal/Dutch Shell said it hoped to announce a polyester alliance that would lift its underperforming chemicals business. It reported second-quarter profits down 8 per cent to £1.18km on a replacement cost of supplies basis. Page 13; Lex, Page 12

PVC producer turns in first-half loss: EVC, Europe's largest producer of PVC, announced a pre-tax first half loss of FI 4.9m (\$2.9m), compared with a profit of Fl 181.1m in the first six months of last year. European PVC capacity is running 15 per cent ahead of demand, the company said. Page 13

Silicon Graphics chief quits: Silicon Graphics, the US computer workstation manufacturer, reported better-than-expected fourth-quarter results and said Tom Jermoluk, president and chief operating officer, was leaving the company. Page 13

**Vesco on trial in Cuba:** US-born financier Robert Vesco, sought by US authorities for more than 20 years, went on trial in Cuba for "acts prejudicial to the economy, fraud and illegal economic activity". Page 4

Bank of France cuts repo rate: The Bank of France cut its five-to-10 day repo tender rate by 0.15 points to 4.75 per cent, following its strategy of a steady series of small reductions over the past few months. Page 2



Malaysia unveiled its most ambitious project so far, a multimedia super-corridor. Prime minister Mahathir Mohamad (left) called it a "pioneering workl-first", which he hoped would attract investment from the world's top information technology

nomic growth. The government will spend US\$2bn building an FT-city large enough to support 100,000 residents and attractive enough, it hopes, to lure some of the world's leading FF specialists. Page 3; Europe seeks role in chip pact, Page 6

bank has spent more than \$1bn, or nearly 3 per cent of its foreign reserves, fighting off a renewed attack on the baht over the past week, the central bank revealed. Page 12

World Bank doubles funds for poor: The World Bank executive board allocated \$600m of the net income it earned in the last financial year to its troubled soft-loan arm for poor countries, more than double last year's contribution. Page 5

Deadlock over N-test pact: Talks on a pact that would outlaw all nuclear testing were deadlocked over the text of a treaty due for signing at the United Nations next month. Page 5

EncyJet attacks KLM on pricing: EasyJet, the low-cost UK airline, accused Dutch carrier KLM of predatory pricing and abuse of a dominant posi-tion on the Amsterdam-London route. Page 6

France launches bank sale: The French government launched the sale of Compagnie Financière du CIC, the country'a second-largest statecontrolled bank. Page 13

South Korea's deficit reaches \$10.3bn: South Korean exports dropped in July for the first time in 42 months as the trade deficit reached \$10.3bn for the first seven months of 1996. Page 8

Australian opposition in spending row: Australia's federal opposition alleged that the coali-tion government planned to abandon a pledge to provide superannuation co-contributions to workers, in an attempt to cut its spending by up to A\$4.5bn (US\$3.6bn). Page 3 Ex-SS captain cleared: Former SS captain

Brich Priebke, 83, was acquitted by a military court in Rome of war crimes charges stemming from the massacre of 335 Italians in 1944 during the Nazi German occupation of Rome.

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## Cows shown to transmit disease to calves

## UK findings on BSE may delay lifting of beef ban

By Deborah Hargreaves in London and Nell Buckley

British scientists have discovered that BSE, or mad cow disease, can be transmitted from cows to their calves. The announcement raised fears that the UK government may have to increase its selective alaughter programme of cows and that the phased lifting of the world ball on UK beef exports may be delayed.

Mr Keith Meldrum, the UK's chief veterinary officer, told sci-

entific veterinary axperts from European Union states in Brussels yesterday that experiments by the UK Ministry of Agriculture over the past six years pointed to the disease being passed from mothers to calves at the rate of 1 per cent.
The research may raise ques-

tions about extending the cull of British cattle - due to start in October - beyond the 147,000 considered most at risk of contract-

UK agriculture minister. But Britain's Consumers' Asso-"Wa will have to re-evaluate our aradication programme and

he added, changes would be put to the European Commission and ember states next month.

Mr Lars Hoelgaard, Danish chairman of the veterinary committee, warned that an increase in the cull could postpone the start of the phased lifting of the world ban on UK beef exports. Researchers do not know how

the disease is passed to calves -it could occur in the uterus, at birth or soon after. The ministry said there was no evidence it was passed through milk; as calves born to dairy cows do not drink their mothers' milk.

The ministry has always said there was a slight possibility of

such a finding and sought to play it down. "It is important to keep this information in perspective ... there is no case for changing recommendations in relation to milk, meat, blood or any other product which is currently permitted," said Mr Douglas Hogg.

ciation reiterated its advice to shoppers that the only way to be absolutely safe was to eat no beef see if any changes have to be at all. "Calves born to cows in made," said Mr Meldrum. If so, the pre-clinical stages of BSE

could have got into the human food chain," said Mr David Dickinson from the association.

The evidence that cows can pass on the disease helps explain

the incidence of BSE among cattle born after the ban on contaminated feed - which is believed to have caused BSE - in 1988. Government figures show that

28,402 cattle born after the feed ban have since contracted BSE. Some 1,200 calves born to those cattle have also contracted the disease, but the ministry stressed this was not proof that all such cattla caught the disease from their mothers. The UK National Farmers'

Union said the research showed the likelihood of maternal transmission to be far too low to sus-tain the BSE epidemic.

The number of new BSE cases has dropped below 200 a week,

compared with 1,000 at the height of the crisis in 1993 and the government expects the disease to be virtually eradicated by 2000. Mr Richard Carden, head of the

ministry's food and safety direc-torate, said maternal transmission would not prevent the eradi-



middle class by imposing a new border tax on small-scale importers. some of whom were selling their goods yesterday at the buge market next to Moscow's Luzhniki stadium, overlooked by a monument

## **Boeing in** \$3bn deal to acquire part of Rockwell

Boeing took a step forward yesterday in its plans to become one of the prime defence and space contractors in the US when It announced a \$3bn deal to buy Rockwell's operations in these

The US commercial aircraft maker has held merger discus-sions with other defence companles, including McDonnell Doug-las, but has failed until now to play a part in the consolidation that has swept through the US

defence industry.

The acquisition will give Boeing the lead in the US space shuttle programme, along with a strooger presence in defence electronics and missiles.

Including Rockwell's \$3.2bo of sales from defeoce and space, Boeing would bave recorded total sales in these areas of \$8.8bn last year. That leaves it well behind the new giant of the iodostry. Lockheed Martin, which bas made several big acquisitions in the past three years to build a company with sales that will top \$25bn this

For its part, McDoonell Doug-las is reported to be discussing a merger with Raytheon, a combination that would create a company with total sales to rival those of Lockheed Martin.

The latest acquisitions come as Lockheed, McDonnell and Boeing position themselves to bid for the US Joint Strike Fighter programme, a contract for 3,000

Yesterday's announcement marks a rare deal for Boeing. which has not made a big acquithe Seattle-based company will issue \$860m of stock and assume \$2.165bn of Rockwell's debt. With the Rockwell acquisition

Boeing will become a maker of space shuttle engines and power systems for space stations, as well as electronics systems for aircraft and navigation equipment. Rockwell has been one of the main contractors for the B-1 Mr Frank Shrontz, Boeing

Continued on Page 12

Lex, Page 12

## US regulators detail telecoms overhaul

By Richard Waters in New York Plan sets rules for deregulation of local suppliers

the details of a partial deregulation of the country's local tele-phone markets - and promised a more thorough overhaul by May. The plan follows the passage earlier this year of the Telecommunications Act - which pro-vides for open competition in the country's \$170bn-a-year telephone industry.

Yesterday's announcement, from the Federal Communications Commission, gives the basic ground rules for competition and had been anxiously awaited by the country's local, long-distance and mobile telephone companies. At issue is how each should charge the other for the use of

services. This is a central question in the US because competition in the country's monopoly local telephone markets is likely to come about through rivals

buying space on existing net-works rather than building new Under the new legislation, the local companies must open up their own markets before they are allowed to compete in

long-distance services. The regulatory agency has set out several rules to help determine bow the costs of running local telephone networks should be shared. These will lead to some short-term gains for provid-

ers of long-distance and mobile phone services. 

• The charge of 3-5 cents a minute that mobile telephone compa-The rules include:

 Companies offering long-distance services that choose to buy only parts of a local company's services, then assemble their own services, will pay 75 per ceot of the access charges. Those which provide their own switching, meanwhile, will not pay any access charges

 Long-distance companies will receive a discount of batween 17-25 per csnt when buying capacity on local company's net works, for resale to their own

nies currently pay to local telephone companies to bave customers' calls completed must be reduced. The FCC has largely delayed

the question of how to reform general access charges. It said yesterday that it would consider overhanling access charges when it reviews the obligation of local telephone companies to provide a universal service in their areas. The local telephone companies. or Baby Bells, say they have to instead to provide a national framework for the arbitration of disputes between rival telephone companies about interconnection

charge access fees to help subsid-

ise universal low-cost residential

regulations oo how such univer-

sal services should be provided

will have to be completed by May

Not all of the FCC's regulations

will be adopted. They are meant

The regulations are are seen as setting a pattern against which companies can reach their own commercial interconnection

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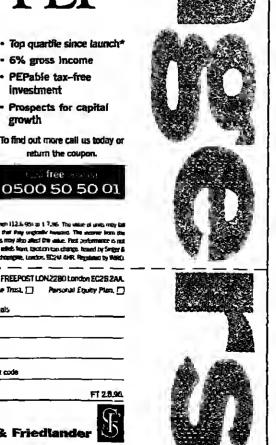
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## Clinton welcomes fastest rate of growth for two years

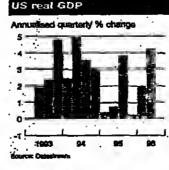
The US economy grew at an annualised rate of 4.2 per cent in the second quarter, its fastest for two years, the Commerce Department said yesterday.
President Bill Clinton hailed

the figures as "more evidence that our economy continues to surge ahead and that our economic strategy is working".
In financial markets, investors took heart from tentative signs that growth might slow in the third quarter, reducing pressure on the Federal Reserve to raise

short-term interest rates. Share and bond prices rose sharply following a report show-ing an unexpected decline in an index known to be monitored by Mr Alan Greenspan, the Fed chairman.

The Purchasing Managers' index fell to 50.2 per cent from 54.2 per cent in June, indicating a slowdown in manufacturing last morth. Readings of about 50 per cent indicate zero growth in factory output. Investors were encouraged by a

fall in a part of the index measuring commodity prices. The data on gross domestic product also showed an easing of inflationary pressures in the second quarter.



tions and followed revised esticent in preceding quarters.

3.7 per cent, up from 3.5 in the first three months. ment spending. The increase would have been

In mid-afternoon trading, the 30-year Treasury bond was up more than 1% points, pushing the yield down to 6.829 per cent. The Dow Jones Industrial Average was up 86.21 at 5.595.12. The 42 per cent growth rate exceeded Wall Street expecta-

mates of 2 per cent and 0.3 per The expansion was broadly based, with consumer spending growing at an annualised rate of

Growth was also boosted by a rebuilding of corporate inventories and a rapid rise in govern-

Analysts said the Fed's decision on interest rates would depend on its assessment of the economy'a currect momentum. The central bank is looking for signs that growth is slowing to 2-25 per cent seen as consistent with stable inflation. The weak purchasing managers' report pointed to some slowing from the second quarter, but

suggested continued economic strength. In the week to July 27, claims fell to the lowest level in Mr David Jones, chief economist at Aubrey G Lanston, a New York stockbroker, said the weak manufacturing data had reduced the chance the Fed would raise interest rates at its August 20

separate data on weekly claims

for unemployment benefits

policy meeting.
Mr Jim O'Sullivan, an economist at J.P. Morgan, the New York bank, said the purchasing index was "not the last word" because it had recently been a poor predictor of economic activity. The Fed's decision would depend on employment figures for July, due out today.

Bonds, Page 18 World stocks, Page 30

		CONTENTS		
	Weether12	Arts Guide	Marjorts	Money Market
462	Lex12.	Cassword20	Commodities20	Recent leaves
	Pentores			
S Sect	Leader Page 77	LK16,17	FT/SP-A W/d Indices30	Share Informs
·4	10 mins	Interrutional	Foreign Exchanges	London 8E
4 News6	- Neregement8 - Observer11	Ind. Cap Mas18	Gold Markets20 int. Bend Service18	Well Street

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World Trade

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## Kremlin demands its cut of Russia's suitcase-trade

a collision course with Russia's fragile middle class when it imposed a new border tax on the 10m small-scale importers who bring cheap consumer goods into the country in suitcases or back-

The move - breaking a promise by Mr Boris Yeltsin during his recent presidential re-election campaign - is part of the government's determined effort to boost the nation's low tax take, which has delayed disbursement of a loan from the International Monetary Fund and threatens to derail Russia's economic stabilisatinn pro-

The tax authorities say the nation's biggest, richest companies are the main culprits for their failA new border tax on small-scale importers not only breaks a poll pledge but also threatens one of the few sources of income for the beleaguered professional classes, writes Chrystia Freeland

government has been reluctant to from dozens of countries. penalise its business allies. Buses, trains, ships and aircraft between Russian cities and popular shopping destinations such as Turkey, Poland, China and South Korea are packed with shuttle-traders, who return bearing cumbersome sacks of consumer goods which

they then sell at outdoor markets. Thanks to their efforts, the markets which have sprung up in every Russian town and city are now filled with electronics from the United Arab Emirates, leather goods from Turkey, cheap, colourful dresses produced in Chinese sweatsbops and other consumer goods

The business-tourists bave become so nbiguitous in Istanbul, a favourite abopping spot for Euro-pean Russians, that they are generically known as "Natashas" and find their way around guided by the cyrillic signs posted by Turkish merchants eager for a piece of the thriving Russia trade.

Politicians and entrepreneurs have warned that by targeting the small-scale merchants, who import an estimated \$10bn worth of goods each year, Moscow risks revolt by Russia's beleaguered professional classes by destroying one of the few sources of income open to them.

Led by Mr Yuri Luzhkov, help fill the hudget. The only people loscow's outspoken mayor Moscow who will benefit are the customs Moscow's outspoken mayor Moscow who has a sure feel for populist politics, the small-scale importers have denounced the new regulations as an ill-considered policy which will raise the price of consumer goods and fatten the wallets

of corrupt customs officials, but

bring little fresb revenue to the

most traders will become jobless and join the unemployed masses of our country," said Mrs Olga Elkova, president of Tourism and Entrepreneurship, a recently founded lobby group established to defend the traders' interests. "This will not officers, who work for their own pockets."

Most of the "shuttle-traders" or "husiness-tourists" are trained in professions such as medicine, law and scientific research who have and scientific research who have turned to petly trading to support lives displaced by the collapse of the Soviet Union. Paradoxically, they represent the aocial layer which has most staunchly supported Mr Boris Yeltsin, who was elected last month to a second presidential term and who promised during his campaign not to levy new taxes on shuttle-trading.

Under the new rules the shuttletraders duty free limit has been reduced to \$1,000, or a maximum of 50kg, from the previous ceiling of \$2,000 with no weight ceiling. Imports exceeding this threshold are now subject to a 30 per cent tax, or no less than 80 cents a kg.
In a sign that a civil society is

beginning to emerge from within the atomised Soviet populace, Russia's sbuttle-traders have mounted a fierce lobbying campaign against the new rules.

They have enlisted the support of travel agencies, who depend on them for a considerable part of their trade, and bave won sympathy in a

EUROPEAN NEWS DIGEST

German occupation of Rome.

TV network at his home in Argentina.

**Court dismisses** 

Nazi charges

An Italian military tribunal yesterday dismissed charges against former Nazi officer Mr Eric Priebke over his part in

the execution of 335 Italians during the closing stages of the

The court's ruling that he was guilty but that the crimes were covered by a statute of limitation was greeted with

chaotic scenes of protest outside the Rome courtroom by

relatives of those killed. The state-led prosecution said it

The trial was the first important war crimes case in Italy

after Mr Priebke, now 83, gave an interview to an American

since the aftermath of the second world war, and was brought

No previous effort had been made to arrest him even though

be had visited Italy and he was living under his own name. Mr Priebke was extradited last year to be prosecuted for events

for which his superior officer had accepted responsibility and been sentenced by an Italian court many years before. His defence was that he was obeying orders. Robert Graham, Rome

A serious fire damaged parts of the law courts in Bastia, the largest town in Corsica, early yesterday, destroying documents, and damaging the offices of the National Institute for Assistance to Victims which had been co-ordinating aid to

the 1,500 injured in the collapse of the Furiani football stadium

Fire damages Corsican courts

ply and has grave doubts about the prohity of customs officers and tax

collectors.
The shuttle-traders are even mak. ing an attempt to recruit Russia's powerful military to their cause. As many as half the small-scale importers are retired officers unable to support their families on pensions

of little more than \$100 per month. This decision will be a serious blow to the officer corps," said Colonel Eduard Rodlukov, president of Strategia, an organisation which helps laid-off militory personnel find jobs. "At any market where the shuttle-traders do husiness you could easily put together a PhD committee. Our best scholars, our best officers are living off this

#### Italian parties pass fiscal measures

By Robert Graham in Rome

The Italian government yesterday forced its L16,500hn (\$10.8bn) mini-budget through parliament before the summer recess, clearing the ground for discussion of the 1997 budget in September.

The package, approved in cabinet on June 19, is essential to bold this year's budget deficit down to the target of 5.9 per cent of GDP.

It was the first major act of the new centre-left government headed hy Mr Romano Prodi, the Bologna economics profes-sor, and consists of a careful mix of spending cuts - the hulk of the package at L11,000bn - and new fiscal measures, including a slight squeeze on corporate earn-

Even though all parties accepted the need for the minibudget and there was little real discussion about the measures. its passage through parliament was been eventful, partly because the centre-left Olive Tree alliance still lacks inter-

The mini-budget debate was used as a means to test the relative weight of the various parties and the degree of support provided from outside the alliance from the marxists in Reconstructed Communism.

It also gave the opposition a chance for to flex its muscles. The rightwing alliance headed by Mr Silvio Berlusconi, the former premier, was caught between trying to appear responsible by backing necessary austerity and the desire to make life difficult for the new

led alliance oscillated between co-operation and obstruction its main tactic in recent days has been refusing to turn up in parliament, denying the necessary quorum for debate.

The populist Northern League, beaded by Mr Umberto Rossi chose to obstruct husiness by tabling as many amendments as possible to draw attention to arguments for a federal structure for the Italian state.

The government got round these ameodments by calling its first vote of confidence on Wednesday, which it won comfortably by 319 to 284 votes in the chamber of deputies. The government has an absolute majority in the Sen-

The parliamentary atmosphere has given a foretaste of the problems that lie ahead when the 1997 budget is discussed after the summer

It was also a dress rehearsal for the skirmisbes and squabbles ahead in the forma-tion and operation of a bicameral commission to atudy reform of Italy's 1948 constitu-

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## Bank of France trims repo rate

By Andrew Jack in Paris

The Bank of France yesterday cut its five-to-ten day repo ten-der rate by 0.15 points to 4.75 per cent, following its strategy of a steady series of small reductions over the past few months.

The move, decided by yesterday's meeting of the monetary policy committee, is the first since April when the rate fell by 0.60 points to 4.9 per cent. The central bank's intervention rate was reduced by 0.05 points to 3.55 per cent at the start of this month. Some analysts interpreted the decision as signalling the need for continued budgetary rigour in spite of the latest

growing union concern at discussions over job cuts in the public sector likely to take place next year.

The cut also follows growing criticism of Bank of France policy in recent weeks. In a power.

rise in unemployment and

television interview on July 14, President Jacques Chirac implicitly criticised the bank and suggested that the small

business sector was suffering because rates were too high. Mr Marc Blondel, leader of Force Onvrière, the nnion which belped trigger social unrest in last November following opposition to proposed changes in social security, also suggested this week that the Bank of France had too much

Official figures released on Wednesday showed that the nnmber of job-seekers increased by 0.7 per cent in June, bringing the unemployment rate up to 12.5 per

Mr Ciarán O'Hagan, a bond analyst with J P Morgan in Paris, said be had been expect-ing a further reduction in the intervention rate, which be believed could still be lowered without upsetting the money

Other analysts suggested that the reduction was largely symbolic, because there are few transactions at tha repo tender rate, which is used largely as a guide to other interest rates and only by commercial banks in an emer-

gency.
"It is pretty much window-dressing," said one. "It has no economic impact. The bank probably felt it needed to do something to show it is inde-pendent."

this situation on Wednesday, when it applied the 1:1 conver-sion rule to all its existing con-

tracts, including some that were issued before the move to

a single currency bad even been decided. Next month it will publish

legal proposals aimed at enfor-

cing the conversion of all Ecu bonds at the official rate.

Industry bodies insist that, to revive the Ecu bond market,

the Commission's proposals

must end uncertainty. Some

dealers even bope that the

entire market could be

relaunched after this week'a

These bones received

a further boost yesterday when

a joint report from the Bank of

France and French financial

groups in Paris called for expansion of the Ecu market

in the year before Emu

Financial groups believe this

could help create more liquid-

ity in the future euro market,

smoothing the transition to

Emn. Mr Steven Major, an Emu expert at Crédit Lyon-

nais, has repeatedly insisted

that a relaunch of the Ecu mar-

ket could provide a clever tech-

nical solution to the question

announcement.

starts.

#### Bond traders eye currency unit after easing of conversion worries

#### Gillian Tett in London

Dealers in European currency unit bonds have had a thin time in recent years. Uncertainties dogging the Ecu market have left the Ecu currency trading at a discount - its value is deemed to be less than the value of its constituent currencies - and volumes have declined,

The basket currency of the Ecu, Europe's common unit of account, has been riven with uncertainty about what would happen to it under European monetary union. Uncertainty in the early 1990s was such that Ecn bond traders' contracts often contained clauses promising compensation if activity in the Ecu vanished. But, this autumn, new life

could be breathed into the Ecu hond market which could smooth the path to Emu itself. Some traders in French and German bonds - which will become obsolete as a result of Emu - are now eyeing the Ecu business as a possible future focus for work.

The way the Ecu problem is handled in coming months is a crucial test of the degree to can manage the changeover to the single currency without alarming the markets.

The Ecu's problems bave arisen because of uncertainty about how it will be converted once Emu starts, and whether the Ecu as a currency and the Ecu as an accounting unit in some contracts would receive the same treatment.

The Madrid summit decided last year that all Ecu contracts would be converted at a rate of 1:1 with the euro. This has

By Laura Silber in Belgrade

International mediator Mr Carl Bildt

has given a blunt warning that hardline

nationalist politicians who wielded

power during the Bosnia war will prob-

ably hold or even improve their posi-

In an article in today's Financial

Times, Mr Bildt also calls for US, Rus-

sian and west European participation in

a "smaller but very robust" military

force to succeed Nato's peace imple-

His belief in the desirability of a post-

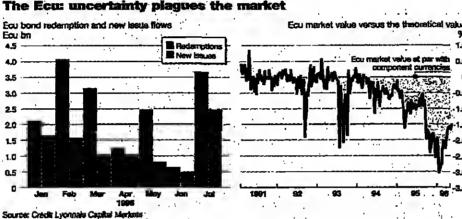
for military operation is sbared by

tions in forthcoming elections.

mentation force (Ifor) in Bosnia.

## Europe's ailing Ecu set for new lease of life

The Ecu: uncertainty plagues the market



The European Commission has made a fresb move to bolster confidence in the Ecu market by declaring that all Ecu bonds related to European institutions will be fully convertible after 1999. This includes bonds whose terms

commissioner, said a retrospective guarantee would be given to ensure these bonds would be converted at a rate of 1:1 into euros when European monetary union started in 1999.

there has been uncertainty

about wbether it would be

opbeld in law in a way that

would apply to all contracts,

particularly contracts initiated

when the process of Emn was

less clear.

specified they would be redeemed in existing European currencies.

Tony Lake, his national security adviser, are understood to be reluctant

Mr Bildt, who is in charge of imple-

menting the civilian side of the Dayton

peace agreement, said the chances of a

drop in influence for the three ethni-

cally based parties in Bosnia were "approaching zero". Senior western dip-lomats said this pessimism was wide-

spread among policymakers, but US

officials until now had not made such

western Europe to co-operate, Mr Bildt

in a call for Washington, Moscow and

gloomy prognoses in public.

to commit themselves to this idea.

belped recent bond issues, but issua new Ecu contracts in

Bildt voices pessimism about Bosnia

order to ensure that their legal status is watertight. This concern was partly resolved yesterday by an agreement between the Interna-

tional Primary Markets Association and International Swaps Financial institutions have and Derivatives Association. also been worried about how to They propose a standard form

Madrid summit that all Ecus should be converted into euros at 1:1, the legal framework for this will not be issued until the autumn. and predicted that it could boost the Ecn market. But some lawyers in London thought it would be almost impossible to apply this

The move marks an attempt by the

legal uncertainties surrounding the Ecu

tary mission must "reflect the transat-

lantic coalition which - with Russian

participation - is so actively pursuing

At a Nato meeting in mid-June, Rus-

sia said it was prepared to support a

post-ifor mission, both at the UN and on the ground. But it hinted strongly that

such support might be conditional on

Nato bolding back on plans to enlarge.

President Clinton promised last year

the peace effort".

presidential elections.

Commission to calm market unease about the

market. Although it was agreed at last year's

principle to contracts between private parties. of words that can be inserted into contracts, updated to take account of the Madrid summit

made in the question of what will happen to existing contracts.

Tha European Commission took a big step in clarifying

Some progress is also being

that the US contingent in Ifer would only be deployed for a year. Any departure from this timetable could be an embarrassment in the run-up to the

If the Ecu becomes more popular, its actual and theoretical values might start to match each other, giving more weight to the argument that the Ecu could be used to smooth the

the future Emn.

transition to Emu. These hopes may be overoptimistic, but there are strong bopes in France that Paris would be an important centre of Ecu trading if an Ecu market were relaunched before

Bildt was bringing into the open an

issue which had been discussed in pri-

vate. "It is conventional wisdom that

there will be a follow-on force after

Ifor," he said. "But no one is saying so

Against this background, western

officials were struggling yesterday to remove obstacles to implementation of

the Dayton accords, including a politi-

cal impasse in Mostar. Mr John Korn-

blum, the top US envoy to the region, yesterday met the city's Croat leaders

who are boycotting the city council

30 aimed at reunifying Mostar.

because of political reasons."

## Investigators would not say yesterday whether the fire was accidental, or linked to the nationalist violence which has afflicted the Mediterranean island over the last few years.

They indicated that no automatic fire extinguisher had been installed after the hullding was renovated two years ago. Government huildings have been frequent targets of attacks for clandestine groups, although most have taken the form of bombs rather than fires. Andrew Jack, Paris Iceland vs Greenland over fish

A fisheries dispute between Iceland and Denmark has escalated, after the Icelandic government declared that Danish trawlers would not be permitted to fish in a 10,000 sq km area

of the north Atlantic between the coasts of Iceland and Greenland, over which Iceland and Denmark are in dispute. An Icelandic fisheries inspection vessel this week asked three Danish trawlers to leave the area. The Danes claim the fwo countries agreed in 1988 that trawlers with a licence from Greenland, including Danish trawlers, would be allowed to fish there. The icelandic government denies the agreement exists. Greenland is a self-governing province of Denmark. which conducts its foreign policies. Hilary Barnes, Copenhagen

#### Franco-German troop talks



Mr Charles Millon, French defence minister, (left) will meet his Corman counters defence minister, (left) will meet his German counterpart, Mr Volker Rühe, on August 16 to discuss France's plan to pull most of its troops out of Germany, France last month announced a streamlining of its armed forces, disbanding 38 regiments mainly in Germany, closing barracks, and retiring one of two aircraft carriers. The number of French soldiers in Germany is expected to fall from 20,000 to 3,000 during three years. Mr Millon has said the controversial plan is

part of a shift to a smaller all professional army for the 21st

Finland eases telecom rules Finland has further bberalised its telecommunications laws to make it easier for operators to enter the telecommunications

"We are practically abolishing the licensing system; price regulation will be abolished as far as possible, and we have made more clear the operators' rights to lease lines," a Finnish government official said. "We abolished price regulation because we believe the market is doing

#### EU challenges Germany and Spain

The European Commission said it was steeping up its challenge to Germany and Spain over their alleged failure to implement EU insurance directives properly. The Commission is sending reasoned opinions - one step away from an EU court referral - giving the two member states 40 days in which to reply.

The complaint against Germany covers an "indirect infringement" of an EU non-life directive, in which employers are prevented from using the same insurance company for health and other insurance, it said.

The complaint against Spain involves non-implementation of an EU motor insurance directive, requiring member states to set up a body dealing with compensation for damage caused by unidentified vehicles, it said. This body is supposed to reply to victims' demands for compensation but the Spanish legislation fails to take account of this requirement, the

#### Turkey debates telecom sale

The Turkish parliament yesterday began debating a new draft law to enable the government to privatise state-owned Turk Telekom. Three previous attempts to sell the company have been thwarted by constitutional hitches.

Estimates for the amount that the sale can bring in range from \$80n to \$250n. Prime Minister Necmettin Erbakan of the Islamist-led government said Turk Telekom's sell-off would be a significant part of the government's revenue-raising package unveiled on Wednesday, though officials have said the sale could not be achieved before mid-1997.

#### most US officials involved in the region. said the composition of a follow-up mili-One senior western diplomat said Mr Kxtend the brief on Bosnia, Page 10 Rising wealth threatens Ireland's EU aid

Finance minister Ruairi Quinn tells John Murray Brown he wants the rules changed

Ireland is likely to seek a change in the rules governing European Union funds to ensure that the country continues to receive regional aid. The Irish receive more EU

assistance per head than any other member state but growing prosperity means it would be unlikely to qualify for any regional funds by 1999, when the next five-year round Mr Ruairi Quinn, the Irisb

finance minister, said in an interview that EU enlargement, shifting tha Union's demographic centre of gravity eastward with the accession of the populous central and east Europaan countries, would make Ireland's peripheral status more acute.

The issue is likely to be raised later this year when Ms Monika Wulf-Matthies, the regional affairs commissioner, bolds a conference in County Cavan where member states will report on the use of regional funds.

Monies from the EU through farm aupport and regional funds - contribute around 2 per cent of Ireland's gross national product. If they were withdrawn, tha country's currently healthy ratio of budget deficit to GNP of just over 1 per cent could rise close to the 3 per cent limit set under the Maastricht conditions for

monetary union. Per capita income has increased from 63 per cent of the EU average in 1989 to 89

per cent in 1995. Under current projections, Ireland will over-take the UK by the year 2000, said Mr Quinn. Ireland no longer qualifies

for structural funds, which are available for countries which have a per capita income less than 75 per cent of the EU average. By the tima of the next round of negotiations, it will no longer qualify for cohesion funds, which are targeted at infrastructure in the peripheral economies of Greece, Portugal. Spain and Ireland.

To make its case for additional monies, Mr Quinn says Ireland will argue that it is more reasonable to use GNP. which measures the wealth produced by a country, rather than gross domestic product, quality for structural funds, as nected".

which measures the wealth happens in the UK, for examproduced within it. The gap between the two in Ireland is currently 2-3 per cen-tage points, as GDP includes large transfers by multinationals - which account for 50 per cent of exports - in terms of

profit repatriations and royalty payments. "If you want to compare like with like, then in our case, in terms of per capita income, the GNP is a more accurate figure. Of course, we will make that argument, although we haven't got into making it formally."

The minister said Duhlin was considering the possibility of arguing that Ireland be designated as a series of regions. the poorest of which would

Mr Quinn said the country's infrastructure was still deficient. Ireland is also the most export-dependent economy in the Union apart from Belgium, and transport by ferry and long road or rail routes add 8 per cent to export costs.

He said ha looked forward to the day when freland would be a net contributor to the EU. But, be said, "if the single market is to mean anything, we sbould ensure that we have reasonable access to that market in terms of costs. We are disadvantaged. Any political or economic union would recognise the disadvantage of areas that are physically discon-

der is Inc

ports decline

**NEWS:** ASIA-PACIFIC

## . Mahathir unveils multimedia 'super-corridor'

By James Kynge in Kuala Lumpur

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Malaysia, which is already building south-east Asia's biggest airport, the world's tallest office building and a new capital, yesterday unveiled its most ambitious project so far, a "multimedia super-corridor"

Dr Mahathir Mohamad, the prime minister, launching the project yes-terday, called it a "pioneering worldfirst", which he boped would attract investment from the world's top information technology companies

and boost economic growth.

He said the "corridor" would comprise a 750 sq km zone linking Kuala Lumpur's city centre, the new administrative capital of Putrajaya, currectly under construction, and the oew international airport.
Within the zone, the government

will spend US22hn building an "IT- a formal authorisation for their base to a "cruising altitude" of pros- eroment infrastructure contracts. City" large enough to sopport 100,000 residents and attractive enough, it hopes, to lure some of the world's leading IT specialists. . The area will be served by a telecommnnications network more powerful than the world's fastest computers

One company already attracted is Microsoft of the US, for whom, in the spirit of the corridor concept, the wheels of Malaysia's bureaucracy have spun with rare rapidity.

Mr John Lauer, the director of the US company's Malaysia office, said his permit took just over two months to arrive. Less favoured companies often have to wait six months and some unlucky foreign-ers have completed three-year tours of duty without ever having received

He added that the company did not plan to establish core research and development activities in the corridor but it was considering engaging in some peripheral research operations there.

The government hopes that the participation of top IT companies will raise Malaysia's technological

"The key for any vision is having good execution," said Mr Lauer. "I think the Malaysian government has a good track record for execution." Japanese business "guru", Mr Kenichi Ohmae, who is advising Malaysia's government on the plan said this week that the "super-corridor" would help the economy vault from its current medium technology

Although companies may apply immediately to set up in the supercorridor, the infrastructure is unlikely to be in place for at least another year, officials said.

Dr Mahathir pledged that government red-tape in getting the corridor off the ground would be kept to a minimum so as to ensure a "hasslefree" creative environment. He outlined several incentives: immigration and work permit applications would be simplified; stringent restrictions on employment and for-eign ownership which existed outside the corridor would not apply within it, and companies in the corridor would be exempt from corporate tax for np to 10 years and receive priority in the award of govHe also unveiled a "Multimedia Bill of Guarantees", which promises that a set of laws distinct from those in force in the rest of the country would be drawn up to facilitate investment and work in the corridor.

This is the most impressive proposition that I have seen on a worldwide basis (for locating research and development operations)." Mr Raymond Lane, a senior executive et Oracle Corporation, said. He added that the attitude of host governments to information technology industries had become a key compet-

itive advantage.

Mr Masashi Kojima, chief executive counsellor at Japan's domestic telecoms giant, Nippoo Telegraph and Telephone, said that his com-pany was planning a presence in the

PLA vows to re-establish Chinese control over Taiwan

yet to be finalised. However, critics are concerned

that despite Dr Mahathir's assurance that there would be no censorship within the corridor, limits to the free flow of information may yet be imposed by a government which scrutinises foreign newspapers before distribution and is ootoriously sensitive to criticism.

Other observers worry that Malaysia's chronic shortage of skilled labour, especially engineers, will pose problems for those manufacturing enterprises which want to hire locally. And if few Malaysians gain exposure to foreign expertise in the corridor, it could undermine the project's central purpose of nurturing Malaysia's own information tech-

pro-democracy student riots in

1989, has worked hard to estab-

The Malaysian Institute of Economic Research (MIER) said the country's current account deficit, one of the most closely watched barometers of the natioo's economic health. would rise to M\$19.2bn (US\$7.7bo) this year from M\$17.8bn last year. It predicted a full-year mer-

Ooe of Malaysia's top thick

tanks has revised upwards its

account deficit after the slower

than expected growth in mer-

chandise exports this year.

Malaysia

deficit

forecast

to grow

By James Kynge

in Kuala Lumpur

chandise trade surplus of M\$1.1bn, against a surplus of M\$630m last year. The deficit in the services component of the current account will continue to rise, it added.

Economists are concerned at Malaysia's current account deficit because of the downward pressure which a large deficit tends to exert on the value of

the currency, the ringgit.
The deficit also raises worries the country is spending beyond its means ond could have trouble financing the shortfall if foreign investment inflows start to dry up. So far

lish close links with the army but his lack of military credenthis year foreign investment tials has hampered his efforts. has remained buoyant. He serves concurrectly as state president, general secre-The recent easing in exports has been partly due to a fall in tary of the party and chairman of the central military commisglobal demand for electrooic goods, which account for 30.5 sion. The latter is China's top per cent of Malaysia's total military body. Dressed in a tra-ditional military-greeo Mao exports. Slackening electronics sales have hit some Malaysian tunic, Mr Jiang was televised companies especially bard reviewing cadets on army day. because wages in the wider

Gen Chi called for an economy are rising at almost improvement in Chica's double the rate of productivity defence industries and spoke of gains, thereby cutting operatthe need to acquire more sophisticated weapons to "cope ing margins. The institute predicted that with the possibility of highthe slowdown in exports and the agricultural sector would · China has no inteotioo of cool gross domestic product engaging in a ouclear arms growth to 8.5 per cent this year race but would use "appropri-

from 9.5 per ceot last year. It predicted GDP growth of 8.3 ete and necessary" methods, per cent in 1997. other than explosions, to ensure the safety of its ouclear arsenal, a Chinese disarma-Interest rates are likely to be relatively stable this year but meot expert said yesterday, may climb if inflationary pres-Reuter reports from Peking. sures are oot cootained, the He declined to say whether institute said in a report. The tight labour market could these methods included computer-simulated nuclear exploapply some inflationary pressions, but denied speculation | sures through higher wage whose health is failing and of a possible deal between claims, but inflation is forecast China and other nuclear states | at a relatively stable 3.7 per

## Setback for opposition leader in Indonesia

By Greg Earl in Jakarta

Ao attempt to propal Indooesia's struggle over democracy on to the legal stage made little progress yesterday when a presiding judge failed to turn up on the grounds that he had toothacke.

Ousted oppositioo party leader Mrs Megawati Sukarno putri had filed charges against the government and the military accusing them of illegally ousting her from the leadership of the opposition Indone sian Democratic party (PDI) in

She did not appear at yester-day's court hearing, but in keeping with efforts oot to inflame the political situation she called on her supporters not to stage a demonstration outside the court.

The case comes just a few days after four people were killed and over 100 arrested in the worst political violence to hit Jakarta for several decades. The riots last Saturday erupted after Indonesian police took over the PDI headquarters in Jakarta from Mrs Megawati's supporters, who had refused to hand over the building to the government-backed rival fac-

The case was adjourned until August 22 after a judge told the packed courtroom that chief judge 1 Gde Ketut Suarta had toothache. He was to have headed the three-judge Panel scheduled to hear the case.

ASIA-PACIFIC NEWS DIGEST

the first seven months of 1996.

**South Korean** 

exports decline

Sonth Korean exports dropped in July for the first time in 42 months, while the trade deficit reached a total of \$10.3bn for

cent to \$10.2bn, and imports rose 13.7 per cent to \$12.9bn

Last month exports on a customs-clearance basis fell 3.1 per

The ministry of trade and industry blamed a sharp fall in

international prices for semiconductors, Korea's biggest export

item, for the export decline, Imports rose as tariffs were cut on raw materials, including oil and rubber, with companies

stockpiling these resources for industrial expansion later this

■ North Korean officials warned yesterday that beavy rains

and floods last week had aggravated the country's already severe food shortage. "Last week's flood damage was worse than last summer," when bad weather triggered the current food shortage, Mr Kim Jong-u, head of North Korea's foreign

investment committee, told the South Korean daily Chosun

Flooding was especially bad in Hwanghae, one of North

border with South Korea.

Tokyo is considering providing new food supplies to North Korea, but a foreign ministry official in Seoul said the South

Korean government would not offer any aid until the extent of the damage is verified. Floods in South Korea have killed 68 people, including 49 soldiers along the heavily armed demilitarised zone, with another 18 missing.

John Burton

Mongolia has signed a security agreement with the US as part of its move to expand ties with the West and Japan, Mongolian

President Punsalmaagiin Ochirbat told the Japanese dally

But the agreement did not signal a change in his country's basic foreign policy of giving priority to its two giant neighbours, China and Russia, he said. "The highest priority in our foreign relations is China and Russia. But we are

considering expanding ties with the United States, Japan and

The security agreement stipulates some Mongolian officers will be trained in US military academies. The US will donate computers for Mongolian military schools and Washington will provide emergency aid for military hospitals during natural disasters in Mongolia. The US established diplomatic relations with Mangolia in 1987

relations with Mongolia in 1987.

Mongolia, long a client state of the Soviet Union, is now

looking to Japan and the West for increased investment,

Pakistan transport strike over

strike after the government accepted their demand to

Pakistan transport workers yesterday agreed to call off their

withdraw several taxes introduced in the budget last month.

The agreement was reached as a nationwide strike by bus,

Nihon Ketzai Shimbun in Ulan Bator yesterday.

Europe within this framework."

especially in the mining sector.

Korea's main grain-producing regions, and Kangwon provinces, both of which lie along the demilitarised zone

Mongolia signs pact with US

possibility that the government may be employing sophisticated delaying tactics to take the steam out of the

democracy struggle.

A battle over the closure of Indonesia's best known news magazine ended on a subdued note earlier this year after a drawn out two-year legal

The military yesterday appeared to bave firmly regained cootrol of Jakarta with the deployment of armed The army bas said it will

open fire to quell any fresh dis-Soldiers with specialist sniper rifles watched the court from surrounding tall huild-

Several Indonesian economic ministers have moved to reassure foreign investors that the country's economic policy has not been effected by the turbu-

Mr Ginandjar Kartasasmita, minister for National Development Planning, told an ecocomic conference it was not necessary to provide any special explanation of the riots to foreign investors. The Jakarta stock exchange

continued to recover slightly yesterday from its 5 per cent plunge earlier in the week. But the research director fewer than 100 were involved of a foreign stockbroking in a demonstration which house said: "It will take a significant amount of time for side street.

John Burton, Seoul

buying interest to return."

An Indonesian businessman with military links said the dramatic escalation of the military response this week was consistent with an internal military view that it should allow greater room for public debate, but he ready to crack down hard and fast if it judged that dissidents were getting out of control.

In another significant developmeot a series of Moslem based groups hava strongly endorsed the government's action indicating that the military's strong anti-communist line has found a receptive audience in that important Indonesian community.

A group of Moslem leaders from the eastern city of Surabaya issued a statement con-demning a small radical party the government has blamed for the riots and supporting the military assertion that it was a new communist party.

At the court hearing supporters of Mrs Megawati loudly jeered as the two junior judges announced the adjournment and falled to deal with some technical complaints by Mrs Megawati's lawyers against lawyers representing the main government defendants.

The court hearing attracted a crowd of more than 1,000 people but only a small group of



## 100 Australian opposition on attack over spending

Government plays down claim on pension changes

By Nikki Talt in Sydney

A pre-budget row broke out in Australia yesterday after the federal opposition alleged the coalition government planned to ebandon a pledge to provide superannuation co-contributions to workers, in an attempt to cut its spending by up to

A\$4.5hn (\$3.6bo). Other rumoured proposals included a change to the taxation of superannuation contributions. Thesa, it was suggested, would become part of assessable income and be taxed at an employee's highest marginal rate instead of a concessionary 15 per cent. The changes were said to have been agreed at a cabinet meeting in

Sydney on Wednesday.
Mr Peter Costello, federal treasurer, played down the accuracy of the reports. "I sat in a cabinet meeting for seven or eight hours yesterday and if this is a description of that cabinet meeting, I think the ... journalists must have had their own cabinet meet-

ing."
The reports were "so beyond the ballpark they are hardly worth mentioning.

tion is due to hand down its first budget on August 20, and has promised to find A\$8bn spending cuts over the 1996-97 and 1997-98 financial years. For months, Australians have speculated where the cuts will come from.

The rumours brought a swift response from the financial services industry. The Association of Superannuation Funds of Australia (ASFA), the main industry body, warned the federal government to consult the industry before making changes to the tax arrangements for superannuation.

Ms Susan Ryan, executiva director, said some of the suggested changes could "seriously redoce an individual's benefits and would undermine pational savings".

A similar response cama from a number of manufacturing industry associations, including the Australian Chamber of Manufactures, the Federatioo of Automotive Products and the Metal Trades Industries Association. They said the reported plan to change the tax on superannuatioo should be aubject to biggest economic handicaps.

The Liberal-National coali- review before any legislation. Tha Australian Council of Trade Unions said it would fight any move to reduce superannuation entitlements. "It seems to me the (numoured) government proposals, by a cursory examination, will that I represent worse off,"

> it is an issue about which we could well have an industrial campaign." The co-contribution, said to be under threat, stems from a decision by the former Labor government to replace a round

> said Ms Jennie George, Actu

president. "If that is the case.

of promised tax cuts by a 3 per cent superannuatioo co-payment. This was to be phased in across three years from 1997. Coupled with a compulsory 3 per cent employee cootribution and a 9 per cent employer cootribution, it was designed to lift the income flow into super-

annuation from 9 per cent of wages to 15 per cent by the This, it was argued, would help address Australia's extremely low savings ratio, seen as one of the country's

## Skilled not cheap labour wins Japanese investment

By Guy de Jonquières

Most Japanese companies which invest in other parts of Asia are not seeking cheap labour and are drawn to countries with skilled work forces, minimal business restrictions and large domestic markets.

These are among the conclu-sions of an unpublished World Bank study\*, based on a survey by Japan's Ministry of

anese companies surveyed complained of high production costs at home, this seldom

tors in the same sectors. Large companies, and those labour was the decisive factor in choice of location.

#### who will turn 92 this month. Mr Jiang, who assumed to obtain technology or data. | cent this year.

**CONTRACTS & TENDERS** 

tech wars.

difficult transition to a new

generation of leaders to replace

that of Mr Deng Xiaoping.

#### STEEL AUTHORITY OF INDIA LIMITED

NOTICE INVITING OFFERS

PARTCIPATION IN JOINT VENTURE FOR REVIVAL / MODERNISATION OF THE INDIAN IRON & STEEL COMPANY LIMITED

The Steel Authority of India Limited (SAIL), a Government of India Undertaking under Ministry of Steel, wishes to revive/modernise the Indian Iron & Steel Company Limited (IISCO) through a Joint Venture arrangement with SAIL retaining majority shareholding of 51% in the joint venture Company.

IISCO is at present a wholly owned subsidiary of SAIL. IISCO has been declared a sick company by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) in August, 1994. The Company is engaged in the manufacture of iron and steel items. The principal unit of IISCO is an integrated steel plant at Burnpur in the State of West Bengal, about 200 Kms from Calcutta. The Company has a foundry and Spun Pipe Unit at Kulti and captive iron ore mines and collieries with a washery situated in the State of Bihar and West Bengal.

The objective is to revive/modernise IISCO with a view to bring it out of sickness within a reasonable period in terms of the provisions of SICA, and make it a commercially viable company.

SAIL is interested in enlisting technical, financial and managerial participation from interested parties who possess the capability to turnaround IISCO. The parties should have sound financial standing and be in a position to raise sufficient funds required for modernisation of IISCO in addition to their equity participation.

SAIL invites offers from Indian/foreign companies including group of companies/ consortium having minimum annual turnover of over Rs. 500 crores (US Dollar 150 millions). For parties engaged in Steel Making, minimum turnover of Rs. 250 crores (US Dollar 75 million) would apply. In case the offer is on behalf of a group of companiesor consortium, all members of the group or consortium making the offer would undertake to become partners in the proposed joint venture.

The offers from interested parties may be in the form of a Letter of Intent indicating their current activities, the extent of funds they are in a position to raise including foreign exchange funds for investment and their approach for modernisation of IISCO covering techno-economic feasibility for the proposed revival.

Interested parties can obtain "Information package" about IISCO between 12th August and 23rd Aogust, 1996 from:

> Joint Director (Business Planning), Steel Authority of India Limited. Ispat Bhavan, Lodi Road, New Delhi - 110 003 (INDIA). Phone: ++-91-11-4690232, 4690481 Fax : ++-91-11-4692167, 4694672

The cost of information package will be Rs. 10,000 (US Dollar 300). Interested parties may submit their offer in triplicate alongwith complete details required as per the information peckage to the above address latest by 30th September, 1996 (upto 5.00 PM).

SAIL reserves the right to accept/reject any offer without assigning any reason

Regd. Office: Ispat Bhavan, Lodi Road, New Delhi - 110 003.

India's largest steel maker

uker debuter telegoin sile truck and oil tanker operators entered its third day. Officials said the decision to call off the strike followed "successful" negotiations between a five-member government team led by the petroleum minister, Mr Anwar Saituullah, and International Trade and Induspanies which depended heavily \*Japanese multinationals in try of foreign direct investment on research and development a delegation representing the Supreme Council of All Pakistan tended to be relatively slow to Asia: capabilities and motivaby Japanese companies.
The study says that although tions. By Susmita Dasgupta, Public Transporters. The transporters began the strike on invest overseas. many of the more than 170 Jap-"Technologically sophisti-Section Section 1 And the second of the second

fuesday to protest against new taxes imposed in the state sudget for fiscal 1996-97 that greatly increased transport

Reuter, Tokyo

drove decisions to invest bence have less need to move

Much more important were Japanese companies' assessments of international bushness opportunities and their tendency to flock to overseas locations favoured by competi-

with a strong export orientation, were most likely to invest outside Japan. However, com-

cated Japanese firms are under less competitiva threat than other Japanese firms and

production closer to customers or seek cheaper locations." the study says.
It finds that 60 per cent of

small Japanese companies' total foreign investment is in Asia, three times the level for large ones. Small companies also set greater importance on low-cost productioo locations. However, the quality of local

Ashoka Mody ond Sarbajit Sinha. World Bank, 1818 H Street N.W., Washington D.C. n the waiting room of the Fairfax County Depart-ment of Family Services,

welfare recipients sit in the peculiar heavy stillness born of poverty and wait to speak to

the person who used to be known as a social worker.

Fairfax County, in northern Virginia, did not wait for Presi-

dent Bill Clinton and Congress

to change America's welfare

laws. Virginia and 40 other states had already started their

own "workfare" experiments,

in some cases years before the

amnouncement this week that

the president would sign a sweeping welfare reform bill.

From April I this year, Fair-fax County has required wel-

fare recipients (with few excep-

tions) to get jobs. They have 90 days to find employment or

they are placed in unpaid

"community work experience"

during which they keep some

benefits. After 24 months, how-

ever, recipients are expected to

be almost entirely "self-suffi-cient". At that point, their fam-ily benefit, or "Aid to Families

with Dependent Children

(AFDC)" - the safety net for the poorest American families

- stops altogether. Under some

"self-sufficiency worker"

## **US** fugitive Vesco on trial in Cuba

Mr Robert Vesco, the fugitive US-born financier, sought by US euthorities for more than two decades, went on trial yesterday in Cuba for "acts prejodicial to the economy, frand and illegal economic activity". Mr Vesco, 60, indicted in the

US for cocaine-trafficking and a multi-million dollar embezzlement, has been living in Cuba aince 1982. In custody since May last year, he is eccused of falsely claiming to have had official Cuban government backing to produce in Cuba and sell an alleged won-der drug, known as "TX" or Trioxidal, which supposedly helps to cure cancer and other serious illnesses. According to the prosecution, he duped several foreign businessmen into backing the project with large sums of money, which be then mostly pocketed.

Mr Vesco's Cuban lewyer. Mr Menelao Mora, said his client pleaded not guilty. The year jail term for Mr Vesco and 10 years for his Cuban wife, Lydia Alfonso, who went on trial with him.

Haggard, with greying hair and beard and dressed in what looked like a grey prisoner's uniform, Mr Vesco began testifying through an interpreter in a sweltering courtroom at Havana's Popular Provincial

Barely eudible at times, be described how he and a friend and business partner, Mr Donald Nixon Jr., nephew of the late US President Richard Nixon, conceived the project to develop the TX drug in Cuba, which is the target of e long-standing US economic embargo. Mr Vesco named many senior officials in Cuba's health sector and pharmaceutical and hiotechnology industries, whom he said he and his partner bad contacted.

The financier'a surprise arrest at his Havana home on May 31 1995 touched off a storm of speculation that Cuba might offer his extradition to Washington as a means of trying to improve tense US-Cuban

relations. Cuban President Fidel Castro quashed this speculation by saying it would be "immoral" for Cuba to extra-

dite Mr Vesco. US consular officials were present in the building. But so far Mr Vesco has shunned US consular assistance,

"There are pending charges gainst Vesco in the US ... we are still interested in getting him back," a spokeswoman for the US Interests Section in Havana said.

Among the pending US charges against him is one that accuses him of swindling \$224m from Investors Overseas Services, a Swiss-based mutual fund that he took over in 1970 from Bernie Cornfield, the late American financier.

Acording to the Cuban authorities, he was allowed to live in Cuba in 1982 for "humanitarian reasons". But Mr Vesco, who had also spent time in Costa Rica and the Bahamas, was widely believed to be using his business contacts to help Cuba evade the

> stances, free health care and food may continue for a year longer. In addition, minors on welfare are required to live with a parent or guardian, single mothers must help the state to find and compel the father to pay child support, and mothers are encouraged to practise birth control because they

> > new children. The theory is that recipients most of them single mothers will become permanent productive members of the work-

receive no further benefit for

Patti Waldmeir goes where Congress's reforms are already well established

force within two years. And in the meantime, they will have an incentive to get married, keep family size down, and keep tabs on their men.

WHENP LOTHERT COM

ma thinks all of this is "great". She is e 41-year-old mother of four who has subsisted on AFDC for the past five years since she split up with a husband who was doing crack". She wants to get work, and has already found a low-paid waitressing job. She says she will do two jobs, if she can find them.

"I'm not going to sit here on assistance the rest of my life," she says as she sits at e compnter screen in one of the training rooms at the Department of Family Services, teaching herself to type with the help of a cheerful computer programme entitled "Mavis Beacon Teaches Typing". The

on welfare. she makes a mistake, and Savings are, in any case, not applands and encourages ber an immediate prospect. For efforts. Emma says she would

in their life. I'm happy they can't do that any more. Emma has earned the right to say what no liberal critic of welfare would ever venture: "They have bables and they can't take care of them. What are they doing having bables left and right? Make the men

like to work with computers.

welfare and never work a day

"People sit back and collect

take care of the children." No politician could batter express the conservative rationale for welfare reform, which is meant to be a great social engineering project - an answer to the problems of illegitimacy, teen pregnancy and the much-decried decline in the American work ethic - as much as e way to save money

"workfare" programmes are costly, even where they do not involve large public works programmes to create jobs. Front-end costs are considerable: Fairfax County provides child care and in some cases transportation so that "welfare mothers" (most are women) can work. For the first 24 months, it continues to pay benefit to working recipients, depending on income, along with providing medical care and "food stamps" (Emma gets e monthly \$410 AFDC cheque and \$367 in food stamps.) And the county is paying a private consulting firm, Maximus, to provide "job readiness training" and help recipients search

Welfare sees shape of its future a three-week course to develop their "employability skills" says Mr Akbar Piloti, project manager of Maximus's "Pairfax Works" programme. There they are taught the culture of the workplace - appearance, office etiquette, language skills - along with interview tech-

imp split

nique, telephone skills and ettitodinal training.
"We're trying to make up for
years of low self-esteem. We're years or low self-esteem. We're trying to teach them how to fish," says Mr Tom Roberson, "Fairfax Works" regional supervisor.

"This has nothing to do with

nomic system," says Mr Roberson, who is passionate about breaking the well documented cycle of dependency bred by welfare. "It's about does for the system of the system o does for a person, and for their children. It's about making

That is what Emma wants to be, to her children. She got her high school diploma last year and hopes that will encourage her children to do the same. She does not want them ending up on welfare.

And the state of Virginia will be delighted if it can get Emma off its welfare rolls. In Wisconsin, pioneer of state-led reform, AFOC rolls have fallen by 44 per cent since the changes started in 1987. Fairfax reports a amail decline in welfare applicants since the April 1 introduction of workfare, but it is too soon to gauge long-term

Back in the Department of Family Services waiting room. the lethargy is daunting. Fairfax's "self-sufficiency workers" have their work cut out for

them. Editorial comment, page 11

## Venezuela to use oil revenue for debt fund

By Ray Colitt in Caracas

The Venezueian government hes created a special fund financed with windfall oil revenues to restructure and reduce its \$32.6bn public debt. The move comes after con-

gressional delays in approving e "debt rescue" fund and is seen as a sign of the government's commitment to tackle its public debt problem. We're sending e positive message to the markets by ear-

revenues to service and reduce the debt," said Mr Roy Ellis, assistant director of public The government will require congressional approval to use

marking these unbudgeted oil

require little time. Congress will not consider the original "debt rescue" bill, which would allow the fund to use proceeds from privatisation, for several

The creation of the debt fund comes as the government mulls over several schemes to improve the profile of its \$27bn foreign debt, of which Merrill Lynch estimates \$1.1bn in Brady bonds amortises in 1996. One option, says a consultant to the government, is the conversion of Brady bonds into longer-term debt, "similar to the recent Mexican Brady bond conversion".

The government is also pressed to restructure its \$5.58bn internal debt, 70 per the fund but aays auch cent of which will mature in creditors to postpone paym approval is "routine" and will 1997 because of very short on \$200m of other arrears.

maturities and relatively high interest rates.

Negotietions with commercial banks will start soon and. according to Mr Nestor Suárez. director of public finance, consideration will be given to issuing long-term dollar-denomi-nated bonds to replace short-term bolivar-denominated debt to reduce the inter-

Part of the government's efforts to improve its international credit rating to investment grade by 1998, says Mr Suarez, is to make all its overdue payments by year-end. Last month. Venezuela paid off most of its arrears on commercial contracts and reached an understanding with Paris Club creditors to postpone payments

## Concern over credit health of Mexican banks

By Stechen Fidler.

The US credit rating agency Moody's yesterday expressed serious concerns about tha deep-aeated structural problems of Mexican banks, and said a recovery of the banking sector would lag behind what

would be a sluggish overall improvement in the economy. In its annual report on Mexi-can banks, Moody's says: "Res-toration of credit health of Mexican banking is likely to be

The structural problems still being faced include the banks'

an extended and painful pro-

heavy requirements to make provisions for such loans, constrained revenues and low though improving - capital. A recovery of the economy would help the banking system but would be e long process and even longer for the banking Moody's said the proportion of overdue loans continued to rise into the early part of this year, and Mexican banks also retained 20-25 per cent of the loss potential on loans they have sold to the Mexican deposit insurance fund, Fobaproa. The coverage of overdue loans by reserves has increased

but "is still far below international standards when the true level of past due loans is taken into consideration." Mexican banks must switch to US accounting standards next year. Government programmes have been effective in bolstering the capital of the banks,

4-2: Ca .

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#### ATLANTA OLYMPICS

## Lewis's bid for 10th title runs into trouble



House, Carl Lewis was denled the record-breaking tenth Olympic gold medal wben bis name did not

appear in the US 4x100m sprint relay sqnad announced

yesterday. Lewis, wbo had already won the long jump to add to his eight golds from previous Olympic games, was not a member of the original relay squad, after finishing last in the US 100m Olympic trials and refusing to join the US squad at its training camp. But since he won the long jump, there had been a public clamour

country and even nine gold medals in modern times reached the White and the strength of the US relay team would have given Lewis the ideal opportunity to break thet record. The campaign for Lewis's inclusion bad even extended to Washington, where US Congress-

man Ron Wilson wrote to President

Clinton, urging him to lobby for the athlete's inclusion. Lewis himself had not made e direct appeal to US track and field officials, but eppeared on several TV talk shows saying he would be more than happy to run if asked. His charm offensive cut little ice with the US relay coach Erv Hunt, bowever. "Carl bas been good about the fact that he would be available for us if needed and we

appreciate that," be said. "He chose not to be a part of [the

Amid e debate that for his inclusion in the relay team. relay] team by choosing not to pressed for him to be given his But other athletes in the team have been more blunt. John Drummond said the inclusion of Lewis

> wbo beat him in the trials. "He won tha long jump. That is not the 100 metres. He got butt-na-ked last in the trials," be said.

would have been unfair on those

Campaigners in the pro-Lewis camp pointed out be was a specialist in running the anchor leg of the relay, having run the fastest ever time. He brought the US team bome in e world record time of 37.40 seconds in the 1992 Games in Barcelona, when he was also originally omitted from the squad but was asked to fill in at the last minute. Even Micheel Johnson, Lewis's heir-apparent as king of American track and field but who has a frosty

"I've always believed that you put the best four people out there. If I was the coach, I'd put Carl Lewis on that relay team." Bnt Lewis's critics said the athlete had never been a team player. He has declined to live in the athletes' village during Olympic games and has an aloof attitude toward his teammates. He has always claimed this was necessary in order to concen-

trate on his own efforts. But in Atlanta he found himself in the paradoxical position of relying on his team-mates' goodwill to allow him a glimpse of ultimate

The US relay team, who start their campaign in today's heats, turned their backs on him.

Peter Aspden to clinch his ninth gold medal



Carl Lewis winning the long jump

#### Iraqi weightlifter defects to US

The Iraqi weightlifter who carried his national flag in the opening

the US, Iraqi opposition officials said.

Raed Ahmed dashed ont of the athletes' village when Iraqi team officials were not looking and was driven off by an accomplice from the Iraqi

#### Irish athlete escapes drug ban

Irish ethlete Marie MacMahon, who took decongestant tablets containing a banned substance two days before running in the Olympics, escaped a han

yesterday despite failing a drugs test. Senior IOC officials unanimously supported a recommendation to issue only a reprimand to the athlete and the Irish team. Meanwhile, Russian Marina Tradenkova, fifth in the women's 100m, was disqualified after testing positive for the stimulant Bromantan, the fourth Russian to test positive for the drug.

#### Two Taiwanese held for flag-waving

Two Taiwanese spectators were handcuffed and hauled from the table tennis arena by police for waving a miniature Taiwanese national flag, the

Georgia state troopers carried the two men from the arena and charged them with obstructing police. Talwan competes under the name Chinese Taipei. Its flag is banned from official events.

Men's singles final; P-E Hoyer-Larsen (Denmark) beat Jiong Dong (China) 15-12, 15-10. Bronze medal: R Sidek (Malaysia) beat H Arbi (Indonesia) 5-15,

Women'a singles final: Bang Soo Hyun (South Korea) beat M Audina (Indonesia) 11-6, 11-7. Bronze medal: S Susanti (Indonesia) beat Kim Ji Hyun (South Korea) 11-4, 11-1.

Mixed doubles final: Kim Dong Moon-Gil Young Ah (South Korea) beat Park Joo-Bong-Ra Kyung Min (South Korea) 13-15, 15-4, 15-12. Bronze medal: Liu Jianjun-Sun Man (China) bt Chen Xingdong-Peng Xingyong (China)

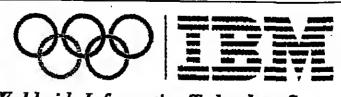
Hockey

Men's classification play-off: Malaysia 4, US 1.

Today's highlights Diving: men's platform finals

Athletics: men's and women's 4x100m, 4x400m relay qualifying; javelin: men's qualifying; men's pole vault, women's long jump; women's 10,000m; men's 3000m steeplechase. Baseball: finals and bronze medal play-off. Hockey: men's final (Spain v Netherlands), bronze medal (Australia v

Tennis: women's singles final (A Sanchez Vicario, Spain v L Davenport, US); men's doubles final (N Broad and T Henman, Britain v T Woodhridge and M Woodforde, Australia).



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## Surfers net gold in the race for information

relationship with the sprinter, had

et surfers came to the aid of sea sailors at the Atlanta Olympics, after Info 96, the official results service, was so slow et the start of the games that the sailors in Savannah nicknamed it "Info 97".

The problem got serious as sailing broadcasters found the system was causing three-bour delays in passing on race times. To solve the problem, the sailors swiftly turned to the internet. Race results and even mark roundings and split times became available on the World Wide Web as they happened. At the start of the sailing there were 200,000 visits - or "hits" the system from fans around the

world. The numbers climbed so steeply that close to a million "hits" each racing day were recorded - a fitting result at what are billed as the first "wired" Olympics.
"Yachties are involved in e sport that demands intuition and initiative, and using those qualities

they've managed to bypass e system

manager Marcus Hutchinson. The web material is being used by the television broadcasters on the sailing courses, who were previ-ously hamstrung by long delays in Info 96 relaying mark times for a race that was happening in front of the viewers eyes. "We thought we were going to have put guys out there in rowing boats with stopwatches," said a technician at Television New Zealand, which is host broadcaster at the Olympic regatta. "It was just bloody appalling and



On the fast track on the information super-highway - track star Michael Johnson's Internet bome page (www.michaeljohnson.com)

those monkeys up in Atlanta couldn't even see we had a problem." Those closest to the technology problems say IBM, who built the system, were not the principal

culprits. The data was in their computers but the Atlanta organisers would not authorise its release to the system without a massively bureaucratic checking system.

Racing Union, under its Canadian president, Paul Henderson, had taken the decision six months ago to build its own web site, the situation was curable. IBM looked the other way while sailors virtually hacked into their database, loaded it on to their own web site and then fed it out to millions of cyber-sailors and grateful TV producers.

IBM'a own official web site has been visited by 100m users since the start of the games. IBM's site recorded over 14m visits in a single dey this week, as users took advan-tage of coverage of all the events for free. But, like the difficulties of the results system, the official Internet service has had problems.

Some users complain the results. when available, are hard to understand, difficult to find, and often updated late. Often teams are listed as from an "unknown" country. some schedules and biographies are unavailable, and even details of gold medal winners, such as Irish triple gold medallist swimmer Michelle Smith, cannot be found.

Fred Mcneese, IBM spokesman in Atlanta, admits the system has had problems, with statistical data coming from the same troubled source as provided to international news agencies. But he says: "Overall, we are extremely pleased with the way this service has been received." And novel uses have been found for the new medium: live Internet radio broadcasts and links to cameras recording photo finishes.

IBM expected an enormous level of demand, with the mainframes

Because the international Yacht designed to cope with at least 10m visits a day, but despite powerful mainframe computers in Europe, Japan and the US, users are frequently placed in a queue. Mr Mcneese says late and inaccurate results can often be blamed on

officials at the venues pressing the

wrong buttons, or on communication problems. But the IBM site has also been slow et providing basic news. For example, news of the disqualifica-tion of three athletes for drug use on Sunday was reported almost immediately at CNN's Internet site, but didn't eppear on IBM's Olympic service until Monday morning.

There are hundreds of other

sources of Olympics news on the net, including US magazine Sports Illustrated and telecoms giant AT&T. One of the most interesting is Michael Johnson's Going for Gold site (www.michaeljohnson.com), where the US gold medallist in the 400m tells readers about his dreams. his past and his heroes. He even takes questions by e-mail, although be can't answer them all because "Twe got a lot on my mind right now and a lot to do

IBM is upbeat about its use of the Internet and claims \$5.3m of credit card sales for tickets to Atlanta events through the Internet, It may be able to exploit the Internet to the full in 1998, when it runs the official Winter Olympics web site from Nagano, Japan

> Keith Wheatley and James Mackintosh

would outlaw all nuclear testing were deadlocked yesterday with no agreement in sight on a final treaty due for signing at the United Nations next powers.

The 61 members of the UN disarmament conference negotiating a comprehensive test ban pact are deeply split on ment-whether to accept the compromise draft text presented on June 28 by Mr Jean Ramaker,

cult, while Iran and some other suble and that further negotia-non-aligned countries said they. tions on the delicately-wanted a stronger commitment belanced text could torpedo wanted a stronger communeur, the pact to disarmament by the unclear the pact.

If comes down to a choice and no

India has already same not sign the treaty because it does not contain a fixed three table for total nuclear disarras. India has already said it will

Most members of the disarthe US, Russia, France and the Dutch chairman of the 30- Britain which with China comprise the five declared nuclear

By Frances Williams in Geneva day said they would insist on tion of the chairman's draft.

Talks on a landmark pact that on-site inspections more difficult to make of the chairman's draft.

The US said yesterday that on-site inspections more difficult to better compromise was pos-

between this treaty and no treaty at all," Mr John Hohm, director of the US Arms Control and Disarinament Agency, told a plenary session of the disarmament conference. The mament conference, including most probable result of further negotiation is to doom this

US officials said the pact powers, support speedy adop. would need to be completed

within two weeks to be ready for signing at the next United Nations general assembly in New York in mid-September. Negotiators have already missed their original deadline of June 28 and hopes that they would conclude this week after a month's break have been

Beijing, supported by Pakistan, wants to raise the proposed simple majority in the executive council that could authorise on site inspections to check suspected violations.

The two countries also want to restrict the use of data from sources other than the

in particular by banning information gathered from espio-

Mr Sha Zukang, China's disarmament envoy, said the present draft would have "inspectors coming and going like international tourists", a charge ridiculed by western diplomats who point to strict provisions to guard against

The latest obstacles to agree-

ment come on top of India's threat to veto the pact. The draft stipulates that 44 states must ratify the accord, including all five official

nuclear powers plus India, Pakistan and Israel, the "threshold" states capable of manufacturing nuclear weapons. Pakistan says it will not endorse the treaty without

Countries supporting the draft treaty are considering bypassing any veto by sending it directly to the UN general assembly with a sponsoring resolution.

However, this is seen as a last resort since India and others could put down amandments to the resolution and try renegotiating the treaty in the

Algeria,

to ease

tension

France try

By Roula Khalaf in London

Algeria and France will hold a

serious dialogue on a wide range of issues, Mr Hervé de

Charette, French foreign minis-

ter, said yesterday at the end of a two-day visit to Algiers.

The trip was aimed at smoothing strained relations with the former French colony

and turning the page on the abrupt cancellation last Octo-

ber by Algerian President Lia-

mine Zeronal of a meeting in

New York with French Presi-

dent Jacques Chirac.

## insists on UN terms for Israel pullout

#### and David Gardner in London

Mr Rafiq al-Hariri, the Lebanese prime minister, yesterday rejected suggestions that Israel might withdraw its troops from southern Lebanon under certain conditions and said the 18-year-old United Nations resolution calling for unconditional withdrawal remained the only acceptable basis for an Israeli pullout. Mr Hariri said Lebanon had beard "nothing concrete" from

"talk in the newspapers". In an interview, the billionaire former businessman said UN Security Council Resolu-tion 425, passed after Israel's first invasion of Lebanon in 1978, was the only acceptable solution. The resolution calls for complete and unconditional

Israel.He was aware only of

removal of Israeli forces. "If Israel really wants to withdraw from the Lebanon, why do they have to find ways of making papers?" Mr Hariri asked. "Why do we have reso-lution 425, which asks Israel to withdraw? It is clear, simple, recognised by the whole world. All they need to say is [they] are ready to implement resolu-tion 425. They only need to make a statement of one line."

Lebanese President Elias

in Lebanon and Syria, which,

with 40,000 troops stationed on

Lebanese soil, is the power-bro-

ker in the country. "If Israel is now convinced that its occupa-

tion has not guaranteed its

security and wants to with-

draw from our occupied land,"

the president said, "it has to

Mr Hariri reiterated a pledge

implement resolution 425."

were to withdraw.

After meeting Mr Zeroual yesterday, Mr de Charette said the two countries would hold a series of ministerial meetings Hrawi yesterday publicly rejected Israel's new "Lebanon and he invited Mr Ahmed Attaf, Algerian foreign minis ter, to visit Paris. First" policy at an army ceremony marked simultaneously

Relations between France and Algiers have suffered since the 1992 eruption of the conflict pitting Islamic militants against security forces. The conflict spilled over to

France last summer in a spate of bomb attacks blamed on Islamic extremists. Seven French monks were killed in Algeria in May.

Among issues in dispute are a French decision to shift Air Algerie flights to a special terminal at Paris' Roissy-Charles de Gaulle airport on security grounds. Algiers sees this as discriminatory.

the Shia militia fighting Israeli occupation. But he said attacks on Israeli forces came from a "resistance force" which developed in response to the occupation. If occupation ended, so would the resistance.

Any decision to rein in Hizbollah, however, would depend on Syria, which licenses Hizbollah actions in part to press its own peace conditions with Israel. Damascus demands the return of the Golan Heights, ruled out by the new hardline government of Mr Benjamin Netanyahu.

Reports yesterday in the leading Israeli daily Haaretz that Mr Netanyahu last month held secret meetings with an unnamed Syrian envoy were denied by the prime minister's

Throughout five years of stop-start Israeli-Syrian negotiations, Syria has publicly rejacted secret talks, and insisted on US mediation.

Mr Hariri said yesterday that the direct costs of April'a 17day conflict in southern Lebanon were \$200m, while tha indirect costs could not be calculated. But he said work to repair the damage was progressing, and the fighting had not stemmed private invest-

The Lebanese premier said parliementary elections starting oo August 18 would encourage investment by providing further evidence of functioning democracy.

Mr Hariri was in Brussels with other ministers to meet Mr Manuel Marin, European commissioner for Middle East relations, and diplomats from France and Ireland, which holds the European Union presidency. He will visit Dublin today for talks with Mr John Bruton, Irish prime min-ister, and Mr Dick Spring, foreign minister.

that the Lebanese government would guarantee the security of Israel's northern border if it The parties hope to set a date for an international donor conference on aid to Lebanon. He did not say whether this meant disarming Hizbollah, possibly later this year.

## Bank doubles funds for IDA

By Robert Chote, Economics Editor, in London

The executive board of the World Bank yastarday allocated \$600m of the net income it earned in the last financial year to its troubled soft-loan arm for poor countries.

The amount earmarked for the International Development Association (IDA) was more than double tha \$250m allocated last year. The World Bank is having to provide more money in part because the US Congress is refusing to give the Clinton administration the funds it has requested to pay off US arrears

administration requested \$934.5m to pay off the US arrears during the 1997 fiscal year. However, the House has agreed to provide only \$525m and the Senate \$700m. A joint conference will determine the final figure, which will obviously he between these two figures and . therefore at least \$235m less than the administration wanted.

Some 79 countries are eligible to borrow from IDA, as they have incomes per head of \$865 or less. But the vast majority of IDA lending goes to incomes of \$450 or less.

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trust fund through which the bank will financa its contribution to the initiative on poor country debt which it is struggling to assemble with the International Monetary Fund. Officials expect the World Bank to allocate a further \$200m.a year in future

years to this initiative.

The Bank's net income totalled \$1.2bn in fiscal year 1996, down from about \$1.35bn last year because of the stronger dollar and a lower interest rate. The Bank also has \$710m accumulated from previous years' earnings which were retained for future allocation.

The executive directors also agreed e target under which reserves would be kept as close as possible to 14 per cent of the value of the Bank's loans in the 1997 financial year. This is barely different from the 14.1 per cent recorded in the 1996 financial year, but down from 14.25 per cent in fiscal year The board also agreed to

allocate \$250m to waive part of the interest payments due from borrowers with good payment records. The quarter-point waiver is unchanged from the erevious year, as is a half-point walver offered on tha commitment fees payable on countries with per capita undispursed loan balances. These waivers are in effect a The World Bank board also subsidy for the Bank's agreed to earmark \$500m for a middle-income borrowers.

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Relatives in Nablus mourn the death in custody of Mahmoud Jumayal

## Palestinians protest at death of Arab prisoner held by PLO

The Palestinian West Bank city of Nablus erupted in demonstrations yesterday in protest against the alleged death by torture of an Arab prisoner held by Palestine Liberation Organisation security forces, witnesses said,

Renter reports from Nablus. Palestinian lawmakers meeting in the West Bank city of Bethlehem said Mr Mahmoud Jumayal, 26, died from turture. They demanded an end to human rights abuses. Nablus is home to more than 130,000 Palestinians. About 1,000 Palestinians marched in a demonstration

denouncing the PLO security force believed to be responsible for his death and paying tribute to Mr Jumayal.

Palestinian officials kept policemen off the streets to avert a confrontation with the demonstrators. Nablus governor Mahmoud al-Alloul promised to punish those responsible for Mr Jumayal's death.

It was the first time Palestinians had observed a general strike against PLO securify forces since Israel handed over six West Bank cities to the Palestinian Authority late last year.



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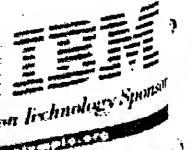
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### Europe seeks role in chip pact

By Nancy Dunne in

As Japanese and US negotlators were yesterday striving to establish a new mechanism for trade in semi-conductors. Mr Peter Carl, the EU observer at the talks anxlously awaited a decision on whether European companies would be allowed to partici-

EU semiconductor manufacturers maintain that they have lost out as result of the US-Jawhich expired on Wednesday. When the accord was first negotiated, the US suggested that the pact would be advantageous to all manufacturers in gaining access to the Japanese market, yet the EU market ahare of about 1.5 per cent has barely grown over the duration of the pact. European companles have often complained that US companies were given preferential treatment.

Japan has been pushing for the formation of a world semi-conductor council to include the EU and, perbaps South Korea and other large manufacturers of computer chips. The US has conaistently resisted a such a multilateral deal and said that the EU could join only if it agrees to lift Its

tariff on semiconductors.
EU officials say this is "an impossible price" because the tariff is the subject of negotiations between the industrialised countries and some Asian countries to eliminate tariffs on high technology products.

Sir Leon Britain, EU commis sioner for trade, said the EU will block further negotiations on an international technology pact if it is left out of a semiconductor agreement.

Following the missed deadline, negotiators thrashed out a framework for a deal hut spent considerable time trying to reach agreement on the details. The two sides were hickering over whether or not market share data collected by the industries in both countries could be interpreted by the

## EasyJet attacks KLM on pricing

offering a one-way fare to Luton of F199 (\$59). In June KLM, whose cheapest regular

fare had been Fl 405 return,

weighed in with a F195 one-way offer. KLM - which

then had up to 40 per cent of

the London market - accom-

panied this with a promotional

campaign in the Dutch press billing the fare as an "Easy

and I don't speak Dutch." said Mr Hajl-Ioannou. KLM bad launched "a disproportionate

reaction, specifically targeted

at one carrier". A lawyers' let-

ter due to be delivered to KLM yesterday demanded that it

Even 1 can understand that

EasyJet, the upstart of the UK airlioe induatry, yesterday landed a legal challenge at the door of KLM, accusing the Dutch company of predatory pricing and ahuse of a dominant position on the Amster-

dam-London route.
Mr Stelios Haji-Ioannou, the Greek shipping heir whose Luton-based EasyJet has been aloft only eight months, flew into Amsterdam's Schiphol airport to allege that the priva-tised flag carrier had a "declared plan to drive EasyJet out of the Dutch market."

KLM last night acknowledged the existence of an internal memorandum which spoke of the need "to stop the growth and development of EasyJet and to make sure that this newcomer will not be able to secure a solid position in the

that the communication understood to have been made available via the company's computer system to many if uol all employees - did not carry the status of an official KLM document.

The airline refused lo identify the author, whose rank is said to be senior.

The memo warned: "Examples from the past have proven that newcomers with very low prices and an unadorned prod-uct should not he underestimated," citing British Midland as one carrier which had made a successful incursion into the Dutch market. "For this we have to make sacrifices. For travel agent lower commission (because of the lower tariff) for reserving the tickets." The no-frills, ticketless

"cease its unlawful actions" within seven days or EasyJet would take action seeking damages in the English or Dutch courts, or both. A KLM official said: "We do

mercial organisation and operate in a free aviation market." Other carriers on the London

route – which include British

Airways and British Midland as well as KLM's Transavia subsidiary and Air UK affiliate - subsequently matched the prices. But the EasyJet owner, the 29-year-old son of a Greek Cypriot shipping family, said airlines such as BA were merely responding to KLM's price cuts and be had no com-

Mr Haji-loannou said he could also take the issue to the European Commission, which has the power to fine KLM as much as 10 per cent of its annual turnover. On KLM's revenues last year, that would

The largest fine imposed by the Commission under the relevant Article 86 of the European ied on Tetra-Pak of Sweden. That case, involving abuse of market dominance in packaging machines and cartons, took the best part of a decade.

Mr Hail-Ioannon admitted he was losing monay on the Amsterdam route, which its Boeing 737s fly three times a day in each direction. Revenue targets out of London, where the price war has not been as acute, were satisfactory but EasyJet's ability to sell in the Dutch market had been impaired. He had also needed to spend more on advertising to counter KLM's campaign.

He indicated that EasyJet could maintain the route for at least six months but added: "If wa cannot succeed in the Dutch market we will have to take our planes and go else-where." The airline currently flies to Edinburgh, Glasgow.

WORLD TRADE NEWS DIGEST

## EU joins action on Brazil tariffs

Pressure on Brazil to relax its restrictions on vehicle imports has mounted with a decision by the EU to join Japan in laying a complaint before the World Trade Organisation (WTO). An EU representative in Brasilia sald It would use WTO procedures to join a complaint lodged by Japan uo Tilesday, rather than launch a separate action, after informal negotiations in Geneva failed to resolve differences between the trading partners arising from duties introduced by Brasilia lectures.

last year.

"The decision has been taken," be said, adding that because
"The decision has been taken," be said, adding that because of WTO procedures the EU would not formally join Japan's complaint until early next week. Brazil increased motor vehicle import tariffs from 32 per cent to 70 per cent in March vehicle import tariffs from 32 per cent to 70 per cent in March 1995. Since December, manufacturers operating in the country have been allowed to import vehicles at tariffs of 35 per cent. Japan and the EU say this discriminates against other manufacturers. The US and South Korea have also objected to the tariffs; diplomatic sources said the two countries were expected to lodge similar complaints of the WTO this month. Brazil's trading partners have rejected an offer that would allow vehicle manufactures not based in the country to import 40,000 yehicles in the next year at the 35 per cent tariff. He

40,000 vehicles in the next year at the 35 per cent tariff. He said Brazil'a vehicle imports from all countries were "at a virtual etandstill" this year, after imports of about 300,000 vehicles in the first half of 1995. Jonathan Wheathy, São Paulo

#### Suez bridge contract signed

The Egyptian National Railroad Company has signed a contract with an international consortium to build a bridge over the Suez Canal, connecting the Nile Delta with the Sinai. The consortium, led by the German Krupp Stahlbau

Hannover, includes Besix of Belgium and Orascom of Egypt.
The bridge is to be used by both road and rail traffic, making the 600 metre structure the world's longest dual usage bridge. Located 120km north-east of Cairo, the bridge will link the Egyptian railway network to the Sinal. It will also provide a road link between the border town of Rafah, adjacent to Palestinian-controlled Gaza, and the west bank of the Suzz

The original Firdan bridge was destroyed in the 1967 Arab-Israeli War. The new bridge, to be hull on the same site, will be designed as a drawbridge in order not to restrict traffic on the canal. The Egyptian government is financing the project at a cost of ££228m (\$66.5m), It is expected to be completed in 1998.

Sean Evers.

#### Siemens wins Indonesia deal

Siemens of Germany has won a contract worth more than DM500m (\$340m) to add over 400,000 telephone lines to the telecoms network in eastern Indonesia over the next three

Stemens said it would set up a complete network for private regional telecoms operator PT Bukaka SingTel International (BSD), using optical fibre lines. Indonesia has 190m people but just 2.4m telephone lines, a ratio of one line per 100 people, compared to 50 per 100 in Germany.

A consortium led by Adtranz, the transport joint venture between ABB and Daimler-Benz, has won the Ecu320m (\$408m) contract for the second stage of the Shanghai metro. The company, which completed the metro's 16km first stage n 1995, will construct a 14km line and aupply 35 six-wagon trains. The new line will carry 40,000 passengers an hour in each direction.

Stefan Wagstyl, Industrial Editor

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#### EasyJet embarked on the Amsterdam route in late April, not regard this notification as a reason for meeting any of US close to lifting ban on tuna imports

#### Bill follows pact to protect dolphins from fishing nets

By Nancy Dunne In Washington

resentatives has passed a bill lifting a six-year embargo on tuna fish imports imposed to protect dolphins in the eastern

If the bill passes the Senate, as expected, it will remove Mexico's threat to bring a potentially embarrassing com-plaint against the US tuna embargo to the World Trade

The hill follows agreement by governments in the region an area of more than 5m square miles stretching from southern California to Chile to institute reforms to keep dolphin from heing killed in tbe circular mile-long nets used to catch tuna.

The agreement, reached last year in Panama, was signed by 12 nations: Belize, Colombia, Costa Rica, Ecuador, France,

Talways 10.00%



An estimated 130,000 dolphins a year were being killed by nets like these before the US ban

Spain, Vanuatu, Venezuela and

The US lost an earlier case against the han, brought hy Mexico in the General Agreement on Tariffs and Trade. The decision enraged many envi-ronmentalists. "Tuna/Dolphin" hecame the rallying cry used hy many environmental groups which opposed creation of the

Japan 17,85% .

An estimated 130,000 dol-phins a year were being killed until the US ordered American huge circular nets and ulti-mately banned tuna imports from countries where the practice persisted. Reforms were instituted to allow the dolphin to escape the nets, and the number of deaths has dropped below 5,000, according to the

Currently, canneries cannot use the term "dolphin safe" on tuna caught in the circular nets. This would be changed under the new legislation. The "dolphin safe" label could be

US Commerce Department.

observers on the fishing boats certify that no dolphins were killed in the catch. The pact negotiated in Pan-

ama establishes a permanent mortality limit to reduce dolphin deaths to no more than 5,000 a year, gives each vessel a limit on deaths; works to reduce deaths of sea turtles, small fish and other species; and strengthens the enforcement and monitoring system.

Although environmental groups - including Greenpeace and the National Wildlife Federation - helped negotiate tha pact, some environmental groups oppose the legislation. calling it "the dolphin death act". They favour two other tuna fishing techniques.

Groups in favour of the act say dolphin will continue to be protected as much as possible. Vice president Al Gore has pushed the act through Con-gress. He has warned that pro-posed amendments could mean an end to the Panama accord and a return to the dangerous

## Tourism far from buoyant in scuba-diving islands paradise

Despite excellent scuba-diving and a claimed eighth wonder of the world, the Philippines is missing out on its tourist potential because of poor transport facilities and misguided promotions, writes Edward Luce

Where the Philippines' tourists come from . . .

t the Christmas village near Manila - site of "the longest Christmas ever" according to the promoters - it is easy to see wby the Philippines has failed to casb in on its promising tourist potential. Designed to attract more foreign visitors to the country, the nativity complex stands as a garish monument to aesthetic miscalculation.

Built partly with funds from

the department of tourism, the village has not proved a hit overseas tourists although the theme park has struck more of a cbord among Filipinos. For some, though, the 365-days-a-year Christmas village, which, it was hoped, would highlight the country's Catholic heritage in non-Christian Asia, symbolises the Philippines' failure to attract tourists in large numbers.

With only 1.8m visitors a year, compared to 6,3m for Thailand and 7.1m for comparatively tiny Singapore, the Philippines has a long way to go to catch up with other destinations in south-east Asia. With \$2.3bn in tourist receipts last year, the country netted less than I per cent of global tourist reveoues. Boasting 7,100 mostly pristine islands and some of the best scuba diving grounds in the world, the Phil-ippine government thinks It could clearly do much better.

"The problem is that the government does not seem to be promoting the Pbilippines in the most effective way," said Mr Patrick Blum, head of Blue Horizons tour operator. "The government has been stressing themes like shopping and eating which, to be frank, are not among the country's strong aelling points. What they should be doing is promoting things like eco-tourism and the friendliness of the people."

Ms Mina Gahor, appointed

secretary of state for tourism earlier this year after Mr Eduardo Pilapil stepped down over allegations of corruption. says that the government's "tourist masterplan" - which targets specific regions for fasttrack development and aims to boost arrivals to 3m hy 1998 has hegun to turn the tide. Arrivals have grown by 20 per cent since 1994 although most

South Korea 8.22% US 19.71% Hong Kong 5,95% Australia 4.44% UK 3.88% Germany 2.95% Others 19,08% . . and how much they spend 0.5 -

suspect that the hulk is accounted for by higher business arrivals, More to the point, visitors

tend to stay longer and conse-quently spend more in the Philippines than in most neighbouring countries. At 11.5 days a head the Philippines compares well to Singapore's 3.4 days. The government's aim. says Ms Gabor, is to persuade

more visitors to stay longer. "We don't want to become a mass tourist destination like Thailand," says Ma Gahor. "Backpackers don't tend to spend very much and It is

doubtful that we bave the infrastructural capacity to accommodate many more of them. What we want is to attract more high-spending visltors both for tourism and other sectors like conferencing and business seminars. As the largest industry in

the world and potentially one of the biggest in the Philippines - In 1995 tourism accounted for 3 per cent of Philippine gross domestic product - the government says it attaches high priority to development of the local tourist industry. With a hudget this year of just over 1hn pesos (\$40m), however, critics say that the department of tourism is being asked to accomplish the impossible on a shoestring.

For many, the tourist mas-terplan is at best only a partial success. "In countries like Malaysia and Indonesia the government matches private sector funds for overagas promotion campaigns with equivalent funds of its own. Here we are lucky to get 10 per cent," said Ms Mina Tanchi, a tour operator and former president of the Asean (Association of South East Asian Nations) tourist association.

"In other countries, too, governments try to integrate tourist development with other forms of development - in the Philippines there are three government departments in charge of roads. What sort of road policy is that?" The upshot is a country littered with half-completed road pro-

To reach Banaue, for example, the ancient rice terraces 230km north of Manila known locally as the "righth wonder of the world" and potentially the most lucrative tourist mag-net in the Philippines, takes up to 12 hours hy road from the capital and often more during monsoon season. The road journey from Baguio, the nearest airport to Banaue, takes

almost as long.

By contrast, the deregulation of the domestic airline industry last year is expected to improve the convenience of air travel in the Philippines. Philippine Airlines, which schedules most of its provincial flights from Manila between 2am and 6am, is not considered 'customer friendly",

Some of its new rivals, including Cehu Air and Grand Air, hava less arduous timetables. Only Cebu, however, a popular resort destination for Japanese tourists, can so far boast a regular international

One of the big problems is Manila which is considered by visitors to be polluted and traffic-clogged," said Mr Blum. "If there were more direct international flights to provinces in the Philippines It would make

**WOULD YOU RATHER DRIVE** THE LUXURY CAR ON THE LEFT.



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**NEWS: UK** 

## joins action. Brazil tariffs

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## Fined airline appoints maintenance chief

By Michael Skapinker, erospace Correspondent

British Midland, Which was fined £150,000 last week after one of its sircraft took off without engine covers

4

Turner did not result directly from the report or the fine at Luton Crown Court but followed a review of

operations after the incident He said British Midland was following the trend in the airline industry of placing responsibility for engineering and maintenance in a separate organisation. Mr Turner will be responsible for all the airlines controlled by Airlines of Britain Holdings, the com-pany that controls British Midland. These include Manx Airlines, Loganair and Business Air.

But Sir Michael Bishop, the airline's Mr Turner, 53, was managing direchad drained from both engines of the line had to ensure in future that it chairman, said the appointment of Mr tor of Lucas Aerospace from 1992 Boeing 737. until last year, when he left after a management reshuffle. He previously worked for Rolls-Royce, where he was director of the civil aero engines busi-

> The air accident report said British Midland engineers had failed to replace the engine covers after a routine inspection before the flight. The report praised the British Midland flight crew and air traffic controllers for their prompt action in making an emergency landing at Luton Airport after the captain noticed that the oil

It called for changes in British Midland's approach to maintenance and recommended changes in the way the Civil Aviation Authority monitored

It said the CAA, which is increasingly delegating responsibility for safety to airlines, had failed to identity the larses at British Midland. The CAA said last month that it was increasingly monitoring airlines' safety procedures rather than the details of how they implement them. The air accident report said the air-

craft maintenance properly. It stated that understaffing of the night maintenance shift had been commonplace at the airline.

On the night that the engine inspection was carried out, there were two licensed inspectors on duty instead of the six that should have been avail-

The airline said it had taken on additional maintenance staff since the incident and had also recruited a new senior technical executive from the

#### UK NEWS DIGEST

## **Baring creditors** row over cash

A legal dispute over the rights to S\$47m (\$33.6m) cash held by Baring Futures (Singapore), the futures and options sales unit formerly headed by the jailed trader Mr Nick Leeson, is to go

to the Court of Appeal. The High Court ruled on Wednesday that ING Barings, owner of former operations of Barings, the merchant banking group that collapsed last year, did not have the primary claim on the cash as a creditor of Baring Futures.

it accepted a claim by administrators of Barings employed by the accountancy firm Ernst and Young, that they were first in line for the cash, returned to Baring Futures by the Simex

finitures exchange after the collapse.

If Ernst and Young wins the appeal, it may be able to make payments to Barings' bond holders, who are the main creditors of the former bank. However, liquidators of Baring

Futures in Singapore are pursuing separate legal claims. ING Barings believed it had a right to the cash because it paid over \$\$80m to trade creditors of Baring Futures at the end of last year. These payments were made to ensure that it was allowed to restart operations in Singapore.

However, Ernst and Young argued in court that ING Barings was not a conventional creditor of Baring Futures because of the terms of the acquisition, under which it was ring-fenced from taking on Baring Futures' John Gapper, London

LLOYD'S

#### Action group alarms market

An eleventh-hour attempt by rebel Lloyd's of Londoo Names to force extra concessions from the insurance market's recovery plan is expected to reach its first court stage early next week. Last night, Mr David Rowland, Lloyd's chairman, reacted angrily to the legal challenge by the Paying Names Action Group. He warned in a letter to the group that their application for judicial review could cause damaging confu-sion as approval was sought for the recovery plan by the

Mr Rowland said Lloyd'a was "straining every sinew" to finance the plan, which includes a £3.2bn (\$4.99bn) out-of-court settlement offer to loss-making and litigating Names, individuals whose assets have traditionally supported Lloyd's. PNAG members were "very significant beneficiaries of the settle-

Lloyd's said last night it had received its first acceptance for the recovery plan. Meanwhile, votes hy the Merrett 418 and Cuthbert Heath Names associations indicated overwhelming support

NEW CARS

#### Sales forecasts optimistic

Growing signs that nearly 500,000 new cars with the latest P registration prefix will be sold in August have raised confidence that the market could top 2m this year - for the first time since 1990.

The optimistic forecasts are underpinned by strong indications of returning confidence among private buyers. Their absence had contributed significantly to the poor profitability of many carmakers and declining margins among distributors. This month's sales bulge is expected to be the last, however. The industry is in talks with the government on a substitute registration plate system which would distribute sales more evenly throughout the year.

John Griffiths, London John Griffiths, London

**■ REGULATION** 

#### Clampdown on pyramid selling

were published yesterday by the Department of Trade and The proposed new regulations on contracts and promotional

material are aimed at clamping down on "get-rich-quick" operations that are bound to fail.

The regulations were described by the DTI as the minimum needed to protect participants without harming legitimate enterprises such as catalogue agencies. The return of pyramid schemes was illustrated by the recent

court actions against the Titan Business Club, a money circulation scheme. Titan was closed by the High Court last month after a senior judge ruled it an illegal lottery. In the Titan scheme, members paid a £3,000 (\$4,680) joining fee and then recomped their money and possibly made profits by recruiting

Such money-circulation schemes are guaranteed to result in

losers, the DTI argues. "By the time you get to the seventh level of such schemes. you have to have the entire population of the US and China contributing "said the DTI. John Mason, London

**■ WORK METHODS** 

#### Council spearheads innovation

Birmingham Council is to introduce high-tech working methods among its 40,000 employees in an attempt to cut spending on office space. The council, which is the largest local authority in England and Wales, hopes to cut spending on accommodation by 20 per cent this year, and a further 10 per cent next

Tele-working – where some officials work at home via com-puter links – has already been introduced on a limited basis in some council departments. Now there are further plans to move staff to satellite offices in schools, libraries and leisure

The aim is to free enough office space to sell two city centre properties to developers. The capital receipts could be used for alternative projects.

Richard Wolffe, Birmingham

#### HOUSING

#### Price rises top 5%

Annoal house price rises topped 5 per cent last mooth, for the first time in seven years, according to Halifax, the biggest mortgage lender. The society's house price index, published today, reports that the average price of a home rose by 0.5 per

ceot in July to £84,286 (\$100,286).
This left prices 5.3 per cent higher than in the corresponding month last year. Last month's increase wipes out a 0.4 per ceot dip in prices in June. Halifax said that price fluctuations in the past two months supported its view that house prices would remain broadly stable during the summer "before starting to edge up once more, towards the end of the

#### expansion in 1998 and 1999. The subdued inflation out-Tax purge may hit shipping market

By Kerin Hope in Athens and Jim Kelly and

at the centre of a tax crackdown which could threaten the London shipping market, the largest in the world.

A raid two weeks ago on Kappa Maritime - the UK operation of Mr Pantelis "Lou" Kollakis - and many of its professional advisers, has brought to light investigations being undertaken by Britain's Inland Revenue into the shipping sector and Greeks in Britain.

It also suggests there is some foundation to fears expressed by other Greek shipowners -who have issued veiled threats One of the leading Greek that they may desert the Lon-shipowners active in the UK is don market - that the tax authority is interested in more than just Mr Kollakis.

The raid has raised questions about the durability of the favourable tax status of the shipowners and their operations - one of the reasons London has remained the world's leading market for matching ships and cargoes long after the disappearance of Britain's own merchant fleet

"agency": ultimate decisions are supposed to he made abroad. This allows the hire charge for ships to escape UK owned by a different company, tax. Kappa paid less than \$5,600 in UK tox in 1994-95.

A lawyer in Greece said this week: "The usual arrangement in shipping is that your official headquarters is a Liberia or Panama-based company with a branch in Piraeus, the port of Athens, that operates under special Greek legislation for shipping companies. There is no tax liability in Greece.

Mr Kollakis has at least 20

vessels, mostly bulk carriers and ships which carry refrigerated cargoes, with an average age of above 20 years. Ha also part owns Pallion Engineering, "The London company is a shipyard in Sundarland, also a branch operation. Such north-east England.

and London, are designed by

governments to accommodate shipowners." Each ship is

registered in Panama or under

another flag of convenience such as Liberia, Malta or

Cyprus. The ships are managed

by another offshore company,

which has a branch in Piraeus,

and was forced to make an emergency. 111 landing, will today announce that Mr Frank Turner, former managing director of Lucas Aerospace, is to take landay responsibility for maintenance and engineering.
The airline was also heavily criticis ideally h Radia ised last week by an air accidents or the land investigation report into the incident, in. which occurred in February 1995. " at It arch the cont

## Labour threatens Tyne shipbuilders forge ahead windfall taxation

By George Parker, Political Correspondent

The Labour party yesterday said it may extend its proposed windfall tax to the privatised rail industry, after 49 former British Rail managers made an £80m (3124m) profit from the sale of a train

leasing company.

Mr Gordon Brown, the opposition Labour party's Treasury spokesman, said the profits from the 2825m. (\$1.27bn) sale of Porterbrook to Stagecoach, the bus and train company, marked the start of "a new round of privatisation abuses".

Mr Brown said be would give more details about the windfall tax on the privatised utilities in a keynote speech in

But a senior Labour official said: "This sale may force us to look at the privatisation of rail when we are looking at the windfall levy."

Mr Rohert Sheldon, chairman of the Commons public

sala of Porterbrook would be subject to a full investiga-Labour claims Porterbrook may be the first of a number of rail businesses to be sold at a large mark-up on the privatisation price. The business was

sold for £527m to a manage-

ment buy-out team in January.

The sale of the company will generate profits of about £80m

staff. Management and staff put up £15m of the £75m initial equity, with the rest financed the merchant bank,

hanks. Six executive directors, including Mr Sandy Anderson, the managing director, will be tha main beneficiaries. Mr Anderson's 210,000 shares are worth £33.6m. Other big win-ners are Mr Ray Cork with £15.5m and Mr Tim Gilbert

A further £20.9m will be shared among the company's 45 other staff, giving windfalls of almost £500,000 each to staff from senior managers to

Mr Brown, speaking at a

Labour is also concerned

Mergers Commission

for former BR managers and

Charterhouse, and other

with £9.9m.

share of the work.

or other vessels.

field reserves, are among the

most promising new opportuni-

cessfully tapped the FPSO mar-

secretaries.

Westminster news conference, said: "We are seeing not only the first Tory rail privatisation millionaires, but also evi-dence of the scandalous undervaluation of our national accounts committee, confirmed yesterday that the

about Stagecoach's growing prominence in the rail sector. Mr John Swift, the rail regu-lator, has launched a review of the competition issues of a train operator acquiring a train leasing company, and has warned the sale may be referred to the Monopolies and



Tyneside employers overseeing a revival: from left Barry Johnson, David Hewitt and Denis Scott

ket, but the Tyne's claim finds

ties to emerge from the inter-national oil and gas industry. The UK government's Offindustry support. shore Supplies Office forecasts "I believe with the combinathat they will be needed in up tion of the traditional shipyard to 122 new fields worldwide skills and the experience of North Sea design and construc-tion the Tyne is probably lead-ing the field in FPSOs in over the next five to seven years. FPSOs can be purpose-huilt or, as with the Maersk Europe," said Mr Austin Hand, Dorset, converted from tankers project manager for Shell UK The Tyne, with its cluster of Exploration and Development's

conversion - were struggling.

complementary shiphullding, ship repeir and offshore indus-try skills, now claims to be the Curlew field. Yet this is a river where only three years ago the last ship-builder, Swan Hunter, was in European centre and market leader for FPSO conversions. receivership and where off-Some competitors, including Harland and Wolff of Belfast shore fabricator, Amec, and ship repairer, A & P Tyne, the biggest Tyneside beneficiaand Spanish shipbuilder Astilries of the Maersk Dorset FPSO leros Espanoles, have also suc-

and Tees built 80 per cent of all topsides - the modules of rigs above the water - in the North Sea's UK sector. There were fears that as the market moved towards more marginal fields where fixed rigs were commercially uncompetitive, the region would lose out.

At Amec Process and Energy's Tyneside yards Mr Denis Scott, the operations director, said that companies had become "fat and lazy". "When tha times got tough, we really had to look at ourselves hard to become more efficient."

There were 750 people on Amec's Tyneside payroll a year ago: this now stands at 2.433 and its order book is well over

At A&P Tyne, which has lovment costs of any western European compet-itor country except Portugal, Mr Berry Johnson, its manag-ing director, stressed the importance of the Tyne's range of smaller specialist companies, from shotblasters to rope-

Swan Hunter, whose name and Wallsend yard were sold last summer to a Dutch investor for offshore-related work, is contributing to the Tyne's resurgence with a £50m contract to convert bulk carrier Solitaire into a cable-layer.

In the 1980s, the rivers Tyne Ironically, the shipbuilder's demise has contributed to the Type's rise as an FPSO conversion centre. A & P could not have entered the FPSO field had it not gained space through its purchase of Swan Hunter's Neptune yard.

And many members of the Swan Hunter design team, described by receivers as the company's "golden nugget", bave found a role in FPSO work, in a new company hased in the shipyard's Armstrong Technology Asso-

ciates, whose managing direc-tor Mr David Hewitt is Swan Hunter's former head of design, has a core team of 28 people, all ex-Swan Hunter, and employs another 52 - also mainly former "Swans" - on

Given tha cut-throat competition and speed of change of the oil and gas industry, Tyneside is not complacent about its stake in FPSOs. The real breakthrough, said Amec's Mr Scott, would be to see Tyneside-mada floating production systems installed somewhere like West Africa or the Gulf of Mexico. "We need to be able to compete against the Japanese, the Koreans and Americans for their local markets." he said.

Chris Tighe

## Factory activity strengthens again

By Graham Bowley and Robert Chote

Manufacturing activity strengthened again in July for the second month in a row as new orders rose to tha highest level since March 1995, a sur-

vey showed yesterday. But the latast monthly report by the Chartered Institute of Purchasing and Supply painted a less upbeat picture of the manufacturing recovery than other recent surveys.

It confirmed manufacturing was now recovering after recession earlier this year thanks to rising consumer demand but suggested tha recovery may he gradual rather than immediate.

Companies laid off staff for the third month in succession. And price competition among suppliers caused the sharpest decline in industrial goods prices since the survey began

the manufacturing recovery suggests the door may still be open for Mr Kenneth Clarke,

the chancellor of the Exche-

quer to make another cut in

interest rates in spite of the current strength of consumer spending. However, a separate study published today by one of Britain's leading forecasting groups predicts interest retes have fallen as far as they are going to and will have to rise next year to restrain inflation-

Forecasters at the London Business School said that economic growth would accelerate to an annual rate of well over 3 per cent next year, with consumer spending strengthening, exports picking up and con-

ary pressures.

struction recovering.
But the LBS added that the interest rate increases needed to keep inflation in check would alow the economy's

Your local BMW dealer will be happy to show you the

## OR THE PERFORMANCE CAR ON THE RIGHT?



explains Clive Cookson

## Energetic performer

one of those developing technologies about which cyoics say: "It always has glowing commercial prospects 20 years in the future."

However, recent progress in cutting the costs and improving the performance of fuel cells has been so rapid that there really does seem to be a good prospect of the technology going into mass production as a clean energy source in the next century, both for moving vehicles and stationary power generation.

A fuel cell delivers electrical power from a chemical reaction. like a battery. The difference is that the reactants are built into a battery; when they are used up, it must be thrown away or recharged electrically by driving the reaction in the opposite direction. A fuel cell has no stored chemicals - it will keep going for as long as reactants are fed into the cell.

Two developments earlier this summer highlighted the progress being made in California, a 2MW demonstration fuel cell plant began to deliver power to 1,000 bomes in Santa Clara.

And in Berlin, Daimler-Benz, the German automotive giant, unveiled "the first car in the world powered by a fuel cell which is suitable for everyday operation". The experi-mental Necar II vehicle - based on the new Mercedes V-class - is a buge improvement on its predecessor, the Necar I built in 1994. That was a van in which the whole interior was taken up by the fuel cell and various drive components.

"Two years ago we knew that we had grasped the basic problems of fuel celi drive," aays Hartmut Weule, Daimler-Benz research and technology director. "At that time, we expected that application in a [commercially produced car] would not be possible until well after 2020." Now the company thinks 2010 is a possibility.

Daimler-Benz has also devoted considerable resources to developing battery-powered electric cars in anticipation of pollution controls

be fuel cell has long been that are expected to penalise internal combustion and diesel engines in the next century. But the company sees "vastly greater potential" in fuel cells because their range is

greater and they can be refuelled in

far less time than a battery takes to

The first generation of mobile fuel cells will run on one of the simplest chemical reactions:  $2H_2 + O_4 = 2H_4O$ . Hydrogen reacts with oxygen (from the air) to form water.

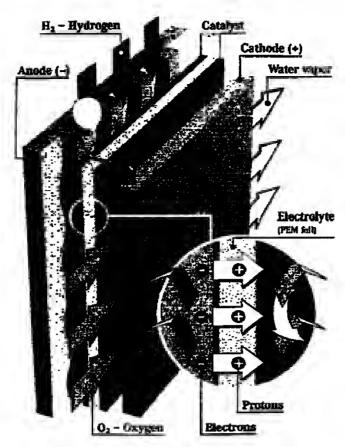
The reaction is the same as burning hydrogen, except that the energy is released as electricity instead of beat. It is the opposite of electrolysis, the process in which a current "splits" water. Indeed, Sir William Grove discovered the fuel cell in 1839 when he switched off an electrolytic cell and noticed current flowing in the opposite direction.

The hydrogen fuel can be stored in a tank under pressure - as in the experimental Mercedes car - or it can be generated in a unit called a reformer, from fuels that are available more widely such as methanol or natural gas.

The most important component of the fuel cell is the thin layer of charge-carrying "electrolyte", which keeps the hydrogen and oxygen separate while promoting the reaction between them. Several high-temperature electrolytes are being developed for use in stationary power plants, including phosphoric acid, molten carbonate and solid oxide.

But the best system for vehicles is the proton-exchange membrane (PEM) which operates at 80°C - the temperature of a conventional car engine. This has a thin polymer (plastic) membrane coated with a platinum catalyst to speed up the reaction. PEM cells were used by Nasa, the US space agency, to pro-vide electricity and water for Gemini spacecraft in the 1960s. But their development over the past decade has been led by Ballard, a Canadian company based in Vancouver, in partnership with Johnson Matthey, the UK catalyst manufacturer. Daimler-Benz uses Ballard fuel cells





The Canadian company says its first commercial product - with a projected launch in 1998 - will be a beavy-duty fuel cell engine for urban buses. This will be demonstrated in the US later this year when the Chicago Transit Authority takes delivery of three buses with Ballard engines. The authority says that if they work well it will consider converting its whole fleet

of 2,000 buses to fuel cells. One feature of fuel cell research is the complex network of corporate alliances - a result of public fund-ing programmes which insist on colisborative arrangements. For example, the German government's DM50m (\$33.8m) PEM fuel cell project involves Daimler-Benz, Siemens, BASF, Hoechst, Degussa and Heraeus. Georg Frank, a fuel cell researcher for Hoechst, says his company is working on new materials for the cells. The membranes used today are made from expensive sulphonated fluoro-polymers. Hoechst is developing aromatic polymers that would be far cheaper to mass-produce. Frank Bilstein, project manager, says costs still

have to fall hy a factor of 30 for fuel cells to become fully competitive. "Our approach is to become fully cost competitive and not to rely on the environmental advantages of

fuel cells," be says.

Hydrogen is the most attractive fuel, technically and environmentally, for fuel cells. The only exhaust it produces is water. The trouble is that expenditure on a gigantic scale would be needed to build up the infrastructure of a "hydrogen economy", if hydrogenpowered cars are to be used widely. And widespread use of a potentially explosive gas could cause safety concerns.

Intensive research is taking place, therefore, at several companies into "direct methanol" cells in which methanol - a widely available liquid fuel - reacts with air to produce carbon dioxide, water and electricity. According to Robert Evans, fuel cells business manager at Johnson Matthey, "direct methanol cells today are at a point where PEM was five years ago".

Evans believes that genuine commercial sales of fuel cells - as opposed to government-subsidised installations - will begin in 1998, starting with phosphoric acid cells for stationary power gen-eration and followed quickly by

other types. It seems that, 160 years after its discovery, the fuel cell is about to confound the cynics and achieve successful commercialisation.

#### MANAGEMENT

#### JOHN KAY

## Market forces and the winner's curse



keting Board was abulished in favour of a co-operative of producers. At the same time, the arrangement by which milk prices were fixed by a committee

representing producers and prossors was replaced by a system of regular milk auctions. A malfunctioning capitalist procedure was substituted for a discredited socialist one. The saleroom auction is in many

ways the epitome of market forces. Each of us has our own opinion of what Van Goeh's "Supflowers" is worth. In a procedure which combines elements of the casino and the ballot box, the auctioneer knocks the picture down to whoever values it most highly. Yet the English saleroom auction is a more subtle and sophisticated mechanism than it appears at first sight. The successful bidder doesn't pay as much as the picture is worth to him. What be pays is only slightly more than the picture is worth to the second-

fore gets less than the maximum be might have hoped to extract. But it also means that the auction design has a property which economists have termed incentive compatibility. That means that it pays you to bid bonestly, in accordance with your true preferences. So long as all the bidders behave independently – and that is a very important caveat - there is not much to be gained by strategic bidding behaviour.

highest bidder. The seller there-

Another common type of auction - the sealed bld auction, in which each bidder puts a figure on a piece of paper in an envelope does not have this characteristic of incentive compatibility. The anctioneer opens the envelopes and awards "Sunflowers" to the highest bidder for the sum that he has written on the paper.

The shrewd bidder in this auction puts down a figure lower than the one abe thinks "Sunflowers" is worth. After all, she wants to pay just enough to get the picture, not to stump up the limit of her valuation. The bid therefore depends, not just on your valuation, but on your assessment of what other bidders will do. But that assessment will usually be wrong. The picture will not necessarily go to the person who wants it most, but may go to the most successful

player of the auction game. So the sealed bid auction will not necessarily raise more than the saleroom auctinn. The saleroom auction attracts honest bids, but does not try to extract the last pound of flesh. The sealed bid auction does try to get every bit of flesh, and in consequence does not attract honest bids.

Now there is a critical difference between an auction of consumer goods, such as "Sunflowers" or old furniture, and the auction of a commercial contract. It is a difference which was first discovered when the US government began tha process of auctioning licences for offshore oil exploration. When

The winner's curse is a reason why many mergers, acquisitions and alliances disappoint

"Sunflowers" comes under the hammer the players in the auction differ only in their preferences. Some like "Sunflowers", some dnn't. But when Esso and Shell put in different bids for a petroleum block, it is not because Esso loves oil while Shell is indifferent. If they both agreed about the objective characteristics of the block, they would both bid the same. They hid differently because each has a different assessment of the block's oil-bearing potential.

That gave rise to what came to be known as the winner's curse. Sometimes your geologists overes-timated the amount of oil that was likely to be there, sometimes they underestimated. On average, these errors would probably cancel out. But the bidding procedure meant that you didn't get the average and so the errors didn't cancel. The blocks you won were the ones where your geologists had made much higher estimates than anyone else. Too often, the auctions you won were those where your geologists had screwed up.

So oil companies learnt strategic behaviour. You adjusted your bldding to what you thought other companies were doing; only rarely did you put in a bid at something close to what you thought an opportunity was worth. The auction system became less efficient, as a means of allocating exploration rights to the most suitable company and as a way of obtaining revenue for the government.

Now the winner's curse doesn't just apply to nffsbore nll. It applies to almost any commercial auction process. It was common in the early stages of contracting out of public services. To be sure, the public authority often got some very low bids; but these frequently came from contractors who had simply underestimated what was involved in doing the job. That is why many initially successful con tractors were subsequently replaced – either their service was inadequate, or they couldn't go on doing a proper job at the price they bad quoted.

And the winner's curse is a reason why many mergers, acquisi-Before you congratulate yourself too much on winning that foreign contract to run the local water supply or operate their power station, ask yourself whether your bid was actually better than anyone else's, or just higher.

And when you think that an American acquisition looks attractive, consider whether you are getting it because the company fits better with you than with any other potential partner in the world, or wbether you are getting it because you are looking at it through more rose-tinted speciacles than anyone else.

The milk anctions bave not worked because the auctions system devised was not incentive compatible. The television franchise auction did nnt work because it cost too much to bid for there to be an adequate

number of players in the auction. There is more to implementing market reforms than is provided by ideological slogans, or can be learnt from an unread copy of Adam Smith. To introduce market, or to be an effective player in one, you need to understand how markets actually work.

#### **BUSINESSES FOR SALE**

in its experimental car.

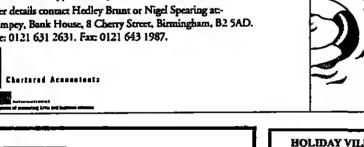
#### E.M. EXHAUSTS LIMITED (IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers, H C Brunt and P Jones offer for sale the business/assets of this manufacturer of motor vehicle exhaust systems.

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For further details contact Hedley Brunt or Nigel Spearing at:-Kidsons Impey, Bank House, 8 Cherry Street, Birmingham, B2 5AD. Telephone: 0121 631 2631. Fax: 0121 643 1987.







The Joint Administrative Racaivers offar for sale, as a going concern, the business and assets of Norsteel Structures Limited. The principal features include:

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- Structural Steel Manufacturer based in
- Purpose built freehold property of 17,000 square foot
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- Tumover approximately £3 million

For further information please contact: tha Joint Administrative Receivers: MA Halley & MV McLoughlin, KPMG, Spencer House, Cliftonville Road, Northampton NN1 5BU. Talaphone: 01604 235300. Facsimile: 01604 235335.

**KPMG Corporate Recovery** 

#### **BUSINESSES FOR SALE**

Appear in the Financial Times on Tuesdays, Fridays and Saturdays. For further information or to advertise in this section please contact Melanie Miles Tel: 0171 873 3308 Fax: 0171 873 3064



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Solid Balance Sheer, Retirement Our Southwark Bridge, Loudon, SEI 9(1),

> LEGAL **NOTICES**

EN THE MATTER OF BUS COMPANIES LAW CAPILI THE CYP THE CYPRUS COMPANIES LAW CAP III
NOTICE IS BEREBY GIVEN that the profilers
of the above-taened company which is being
voluntarily wound up are required on or before the
2nd day of September 1996 to send in their full
names, their addresses and descriptions, full
particulars of their debts or claims and the names
and addresses of their noticitors (if any) to the
undersigned Mr Dinos N Papadopoulou, PCA of
Jolik House, 3 Th Devis Storet, PO Box 1612.
CY-1591 Nicousis, Cyprus, the Bapadoput or the
said company, to come in and proves their said
debts or claims at such time and place as shall be
specified is such notice, or is default desured they
will be excluded from the beareful of any
distribution made before each debts are proveed.
Dased this 3nd day of August 1996 Dated this 2nd day of August 1996 Dates N Papadopoulos Liquidane

DOLLAR STANDARD, INC., MUHAMMED QUAIX, AND ELLIUIT ASSOCIATES, L.P., on behalf of

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF MASSACHUSETTS

hemselves and all other present and former owners of the 7% Convertible Subordinated Debentures due of the 7% Convertible Subordinated Deber 2002 of J. BILDNER AND SONS, INC.,

KIDDER, PEABODY & CO. INCORPORATED KIDDER, PEABODY INTERNATIONAL LIMITED. PAINE WEBBER INTERNATIONAL CAPITAL, INC., PAINE WEERER INCORPORATED, TOUCHE ROSS & IDEN'S GARDNER ALBERT O TIERNEY III.

F. LEWIS and JAMES G. GRONINGER.

SUMMARY NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

PURCHASERS OF 7% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2002 OF I. BILDNER AND SONS, INC. DURING THE PERIOD FROM APRIL 29, 1987 THROUGH AND INCLUDING RULY 1, 1988

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United State YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the District of Messechusetts, that 8 hearing will be held on September 26, 1996 at 230 p.m., before the Honorable Douglas P. Woodlock, United States District Court, U.S. Post Office and Court House Building, Boston, Massachusetts 02109, for the purpose of determining: (1) whether the Court should approve as fair, reasonable and adequate the proposed Settlement of the flitgation, (2) whether thereafter this trigation should be dismissed on the merits with prejudice as to Defendants as set forth in the Agreement of Settlement dated July 1, 1996, on file with the Court, under which Plaintilits and the Class will release their claims against Defendants and (3) the researchelleness of the application of coursel for Plaintilits and the Class for the payment of attorneys' fees and restructurement of costs and Close for the payment of attorneys' fees and rembursement of costs and expenses incurred in connection with the fitigation.

The proposed settlement provides for the payment by Defendants, for the sensit of the Class, of \$520,000 plus any interest earned thereon. Plaintiffs' counsel will seek legal fees of one-third of this fund (\$177,333), together with the resement of expenses of \$37,088.26, and two of the Plaintitis, Ellio lates, L.P. and Dollar Standard, Inc. will seek compensatory awards o

J. Bildner & Sons, Inc. during the period from April 29, 1987 through and including July 1, 1989, your rights may be affected by the proposed settlement. If you have not received a detailed Notice of Class Action Determination, Proposed Settlement and Hearing Thereon, and Right to Stare in the Settlement Proceeds you may obtain copies by contacting Plaintiffe' counsel, Kleinberg, Kapien, Wolf & Cohen, P.C., 551 Fifth Avenue, New York, New York 10175, Attention: Norris D.

me do not confact the Court or the Clerk's office.

BY ORDER OF THE COURT UNITED STATES DISTRICT COURT DISTRICT OF WASSACHUSETTS

IN THE MATTER OF THE CYPRUS COMPANIES LAW CAPILI

IN THE MATTER OF LIT (CYPRUS) LID

NOTICE IS HEREBY GIVEN that the creditors of the above-numed company which is being voluntarity wound up are required on or before the 2nd day of September 1996 to send in their full names, their addresses and descriptions, full particulars of their debut or claims and the names and addresses of their solicitoes (of any) to the understaned Mr Disco N Papadopoulos, FCA of Julia House, 3 Th Dervis Street, PO Box 1612, CY-1591 Nicosia, Cyprus, the liquidator of the said company, to come is and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are

Dated this 2nd day of August 1996 Dinos N Papadopostos

IN THE MATTER OF TVERSKAYA REAL IN THE MATTER OF

NOTICE IS HEREBY DIVAN that the creditors of the above-carned company which is being voluntarily wound up are required on and in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if say) to the undersigned Mr Dinos N Papadopoulos, FCA of Julia House, 3 Th Dervia Streat, PO Box 1612, CY-1591 Nicusia, Cyprus, the liquidator of the said company, to come in and prove their said dobts or claims at such time and place as shall be specified in such potice, or in default thereof they will be excluded from the benefit of any distribution made before much debts are

Dated this 2nd day of August 1996 Dinos N Papadopoulos

#### **LEGAL NOTICES**

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

A.R. BARON & CO., INC.

Case No. 96-8831A (PBA) SIPA

NOTICE TO CUSTOMERS AND CREDITORS OF A.R. BARON & CO., INC. AND TO ALL OTHER PARTIES

#### COMMENCEMENT OF LIQUIDATION PROCEEDING

NOTICE IS HEREBY GIVEN that on July 11, 1996, the Honorable Loretta A. Presica, Judge of the United States Protection Corporation for the Scuthern District of New York, entered an Order granting the application of the Socurities Investor District Court for the Scuthern District of New York, entered an Order granting the application of the Socurities Investor Corporation for issuance of a Protective Decree adjudicating that the customers of A.R. Baron & Co., inc. (the 'District') are in need of the protection afforded by the Securities Investor Protection Act of 1970 ("SIPA"). James W. Giddens was appointed Trustee for the liquidation of the business of the Debtor, and Hughes Hubbard & Reed LLLP was appointed coursel to the Trustee

#### CLAIMS AGAINST THE DEBTOR

Customers of the Debtor who wish to small themselves of the fullest protection afforded to them under SIPA are equired to file their claims with the Trustee within 60 days after the date of this Notice. Such claims should be filed with the Trustee at P.O. Box 359, Bowling Green Station, New York, New York 10274. Customer claims will be deemed filed

Forms for the filing of customer's claims are being mailed to customers of the Debtor as their names and addresses appear on the Debtor's books and records. Customers who do not receive such forms within seven (7) days from the date of this Notice may obtain them by writing to the Trustee at the address shown above.

All other creditors of the Debtor must file formal proofs of claim with the Trustee at the address shown above within six (6) months after the date of this Notice. All such claims will be deemed filed only when received by the Trustee.

No claim of any kind will be allowed unless filed within six (8) months after the date of this Notice.

AUTOMATIC STAY OF ACTIONS AGAINST THE DEBTOR NOTICE IS HEREBY GIVEN that as a result of the Issuance of the Protective Decree, certain nots and proc

against the Debtor and its properly are stayed as provided in 11 U.S.C.§ 362 and by order of the United States District Court for the Southern District of New York entered on July 11, 1996 by the Honorable Loretta A. Prosta. FIRST MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that the first meeting of customers and creditors will be held at the Maniott World Trade Center, 3 World Trade Center, New York, New York 10048, on September 13, 1986 at 10:00 a.m., at which time and place customers and creditors may attend, examine the Debtor, and transact such further business as may properly come before said meeting. Failure to attend the meeting will not affect the right of customers to avail themselves of the protections afforded to them under SIPA or of creditors to file proofs of cisim with the Trustee.

#### HEARING ON DISINTERESTEDNESS OF TRUSTEE AND COUNSEL

NOTICE IS HEREBY GIVEN that September 5, 1996 at the hour of 2:30 p.m. in Countroom 617, United States Bankrupley Courthouse, Alexander Hamilton Custom House on Bowling Green, New York, New York has been set as the time and place for the bearing before the Honorable Prudence & Abram, United States Bankruptcy Judge, of objections, if any, to the retestion in office of James W. Giddens as Trustee and Hughes Hubbard & Reed LLP as commet to the Trustee, upon the ground that they are not disinterested as provided in section 78eee(b)(6) of SPA. Objections, if any, must be tiled with the Court and personally served upon Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004-1482 on or before August 26, 1896.

ismes W. Gliddens Ituates for the Liquidation of the Susiness of A.P. Baron & Co., Inc. P.O. Box 350 New York, NY 10274 lughes Hubbard & Read LLP Prignes Humand & Reed (1) Richard M. Siegel, Esq. Derek J.T. Adler, Esq. Coursel to the Trustee One Battery Park Plaza New York, NY 10004-1482

Dated: New York, New York August 2, 1986

U.S. Securities and Exchange Commission Mark Kreiman, Esq. 450 5th Street, N.W. Washington, D.C. 20549

Office of the United States Trustee

BY ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK THE HONORABLE PRUDENCE B. ABRAM

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n theory arts companies are finding it tough this year to reach their sponsorship targets. Tha competing demands of lottery partnership funding, to say nothing of Michael Heseltine's scheme to raise £100m from business to finance the Millennium Exhibition at Greenwich, are putting tha pressure on fund raisers.

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But if there is a good product the sponsors still rally round, and the Edinburgh Festival is regarded as one of the top arts brands in the UK.

This year the festival's new development officer, Nichola Pritchett-Brown, has got off to a flying start, raising almost £1.3m - a record total and an increase of 25 per cent over 1995. Business now accounts for a quarter of the festival's income. The old local faithfuls - the Bank

of Scotland, the Royal Bank of Scotland, IBM and Scottish & Newcastle funding but this year there are some substantial new backers, including Standard Life, (contributing more than £40,000 and returning to the arts after a long gap)), Dunfermline Building Society, Marks and Spen-cer, Mitsubishi Electric, Morgan Grenfell and Corporate Risk. In the last few weeks Templeton has clambered on board, sponsoring the movie version of Der Rosenkavalier,

with full orchestra. For most, the opportunity for corporate entertaining at their spon-sored event is the key attraction, and the range of festival activities – large and small, theatre and dance, music and opera - is also appealing. One new sponsor has intimated that it is only taking part because this is the 50th festival and the programme is particularly strong: experience might change its mind.

A new feature for sponsors this festival is the Proscenium Clnb.

More than 30 companies have each paid £5,000 for certain privileges, such as 32 free tickets, discounts on additional tickets, and the opportunity to issue their employees with a Privilege Card, which enables them to buy festival merchandise cheaply and acquire unsold tickets at a discount. One company, NEC, has ordered 1,500 such cards.

The charm of arts sponsorship is that there are always new compamies coming along and falling for its attractions. Among the latest haul of enthusiasts is Duval, which represents a group of leading watch brands, including Oris, TAG Heuer, and Maurice Lacrolx, in the UK. Last year Duval toyed with arts

sponsorship, linking TAG Hener with a William Turnbull exhibition at The Serpentine just for the devilry of using a sports watch to spon-sor an adventurous arts event, and

mitting £500,000 over three years into what is now the Oris London Jazz Festival in November. The aim is to make the festival comparable with Montreux and New Orleans. The tdea is that an educated, sophisticated, male jazz audience would ideotify with a traditional, mechani-

cal and authentic watch. Duval has developed its sponsorships on advice from ABSA, and is looking for a classical music link for Maurice Lacroix, its ladies' watch. By next year it should be spending around £300,000 of a £3m marketing hndget on the arts, which managing director Neil Duckworth says offers opportunities for image and positioning not available in sports spop-

Performing arts companies might be got film from BP for its ecology gal-

dipping its feet into the London Jazz
Festival with Oris.

This year Duval is diving in, comassier tima, especially those in aasier tima, especially those in South Kensington - the Victoria & Albert, the Science and the Natural

History.

The latest success has been the launch of the new Earth Galleries, which have filled the space once occupied by the Geological Museum, and now part of the Natural History Museum. More than 37,000 visitors experienced a replicated earthquake and a descent into the centre of the earth in the first five days, thanks to a £12m investment, of which half came from the lottery and most of the rest from sponsors.

The biggest contribution came

from RTZ, which gave £1m, with £100,000 from BTR. Companies feel good about investing in museum projects which reflect their husiness. The Natural History Museum also

leries and the same from Ronson for the revamped dinosaur gallery, although given the subsequent fate of Gerald Ronsoo this carried a certain irony.

NatWest Bank has renewed its sponsorship of the RSC small veoues tour, which brings top quality Shakespeare to parts of the country it never, or rarely, reaches. Among the locations hosting the critically acclaimed A Comedy of Errors this winter are Rawmarsh Comprebensive School in Rotherham and the Castle Sports Complex in Spalding.

NatWest has increased its funding to £230,000, which belps to reduce seat prices and enables the RSC to take its portable auditorium to unprofitably small venues. The bank was encouraged by the fact that 64 per cent of the 47,000 people wbo saw last year's tour knew it was sponsored by NatWest.

Theatre/Ian Shuttleworth

## Social free-for-all from all-star cast

ude Kelly has perhaps been more generally admired of late as an artistic director than for the abows which she has helmed. It may, then, be a relief in some quarters to be able to bestow praise freely upon her latest show.

Although presented in rolling Sussex, When we are Morried is located firmly on Kelly'a familiar turf of the West Riding of Yorkshire, in a turn-of-the-century small town where municipal and church office often coincide and where the officials in question congratulate themselves not on presenting the best Messiah among the local pre-Christmas offerings, but the first.

J.B. Priestley's 1938 comedy shares some of the same preoccupations as An Inspector Culls a decade later, primarily, how the self-satisfied bourgeoi-aie react when an outsider arrives to question their social foundations.

In this case, la-di-dah southerner Gerald Forbes (Chris Larkin), the chapel organist, turns up on the silver wedding anniversary of three such couples with the bombsbell that that parson who married them was not authorised to perform weddings: technically, these pillars of the Establishment have been living in sin for a oppressed; French is magnifi-quarter of a century. This is cently Dawn French, yet kept At Chichester Festival Theatre fertile ground, liberally sewn in admirable check, except for until Aogust 17 (01243with comic seeds by Priest- two or three characteristic

ley and diligently tended by

Kelly.
At this point a reviewer is hard-pressed to avoid descending into a litany of name checking, since the cast is composed almost entirely either of actors instantly recognisable or familiar faces to whom not everyone can match names.

Alison Steadman plays Mrs Helliwell as a harder-edged dis-tant relation of Jane Austen's Mrs Bennet; as ber alderman husband and the host of the anniversary party, the excel-lent Gary Waldhorn (best known as "that bloke from The Vicar of Dibley") frantically and vainly tries to co-ordinate a response to the news, only to be torpedoed by the arrival of Shirley Anne Field as a woman of easy virtue come to force him to honour his earlier halfpromises of marriage.

The other two couples are

each composed of a pompous, hectoring partner (Roger Lloyd Pack and Dawn French respectively) and their timid, putupon spouse (Annette Badland and Paul Copley) - in each case, the worm turns to deliver a few home truths.

Copley is terrific as the down-trodden Herbert Soppitt, risking the occasional furtive moments of mugging or gestur-ing (such as holding on white-knuckled, to an occasional table to avoid being dismissed from the room while the menfolk fret in secret).

As bibulous, elderly Yorkshire Argus photographer Henry Ormonroyd, Leo McKern is a bit of a disappointment: although his timing and characterisation are well in place, years of stage and screen rumbling combine with the requirement of acting drunk throughout to reduce his voice as often as not to a semi-intelligible gurgle. Dora Bryan's similarly slurred Liz Smith impersonation as the stout-drinking char woman, too, is eclipsed by the fine, frenzied gormlessness of Elizabeth Chadwick as housemaid Ruby.

All-star productions seldom equal tha sum of their parts, but When we are Married strikes a keen balance between delineating individuals and providing atrong ensemble scenes, and in particular Kelly orchestrates the free-for-all arguments in the play extremely well.

As the big-name cents of Duncan Weldon and Derek Jacobi's 1996 Chichester mainhouse season, it delivers the goods and no mistake.



Big-name centrepiece: Shirley Anne Field and Leo McKern in 'When We Are Married'

Aspen (pop. ahout 6,000 plus uncountable visitors, 8,000ft high amid the Colorado Rockies). Instead, when the slopes are green and wild-

Dower-strewn, you can go to

the Aspen Music Festival. It was founded in 1949, and its concomitant Music School two years later - at the same time as the Busch-Serkin Marlboro festival. But the Aspen school casts its net wider: plenty of young professionals come, but also younger students, of whom the best are drafted into the Aspen Festival Orchestra (the principals are mostly established pros). Altogether there are close to 1,000 musicians at the school, from mid-June to mid-August, and it

Festival feast on the green slopes can claim a host of distinfrom its silver-mining beydays of the 1880s and 1990s. When the silver boom collapsed, the guished "alumni". The festival menu offers a substantial feast. Besides the town dwindled from 12,000 souls to a few hundred; it took lectures, master classes and open rehearsals, there are until 1947, when the first chairlift for skiing was installed, for orchestral concerts in the the revival to begin. Now the Music Tent, which seats 1,700 people with others camped on smart boutignes and eclectic the lawn ontside, chamber restaurants of any internamusic in the Harris Concert tional resort ere dovetailed Hall (opened in 1998: superb acoustics), opera in the charmamong the friendly old houses

ing little Wheeler Opera House. the splendid, unspoiled moun-The latter is one of Aspen's restored "Victorian" gems, There are brusque, unpre-

dictable thunderstorms. I at 15 years old what would you Aspen is making a praiseworbeard David Robertson conducting the Festival Orchestra in a fine performance of Stravinsky's Petrushko (original 1911 version, huge orchestra) until the final few minutes, when the rain pounding on the canvas roof drowned ont everything. Earlier Debussy's youthful Printemns had sounded impeccably idiomatic, and in and shops, still surrounded by Prokofiev's first violin concerto young Sarah Chang was all confident grace: not a trace of Prokofiav's wilful diablerie, hat

Summer Music in America: Aspen

In the Harris Hall, the American Quartet were coolly polished in Mozart's K.168 and K.458 (the "Hunt" quartet). When the clarinettist Joaquin Valdepeñas joined them for the great K.581 quintet, however, we were reminded of what really subtle, lyrical playing can do for Mozart. I should love to hear him do it again at the Wigmore, and anything alse he might care to play.

This year's new opera

ael Torke's King of Henris, originally a commission by

It made a terrific "television opera" last year, not least because the librettist Christopher Rawlence was also the producer, and in his double role took clever advantage of televisual possibilities: individnal close-ups of the schoolkids' snarky chorus, discreet re-balancing to ensure that the words always surmounted

At Aspen, with Torke him-self again conducting, the text rather lost out. Not the fault of the excellent atudent principals - Alfred Walker III, Sarah Turner and particularly Scott Wyatt - nor the raunchy schoolkids, and Anne Patterif there is a way of making King of Hearts come across on the stage, Ed Berkeley hadn't found it.

For all the considerable

Torke's bright, snappy score.

verve of his production, and of course the music, it was tantalising to not-quite-hear so much of the syncopated repartee. A good try, though, and quite a lot of fun.

David Murray

The Proms

### Out of this world

be Wednesday Prom by the BBC National Orchestra of Wales got off to a flying start. Having beeo inspired by the Apollo 11 moon landing as a child, the composer John Pickard became fascinated with the idea of man in space and hit upon the myth of learns as the subject for an irborne orchestral piece.

The result was The Flight of Icarus, a BBC commission, premiered by the orchestra in 1991 and bere receiving its London premiere. Essentially this is a 20-minute Straussian tone-poem, writteo for a buce orchestra and exhibiting a flamboyant taste for pounding timpani and rocketing brass fireworks. The opening music is reminiscent of the flying sequence in Strauss's Don Quixote, though divided strings and woodwind filigree later suggest the rich textures of Tippett were a more immediate influence. As a concert opener, it provided an exciting lift-off.

The rest of the BBC National Orchestra of Wales's two concerts under Mark Wigglesworth, its new music director. lnevitably sounded fairly earthbound by comparison. Each featured a concerto with a soloist from the younger generation, playing in a well-mannered style that might be thought quintessentially

The more Stephen Hough was himself, the more his performance of Brahms's Secood Piano Concerto in Tuesday's programme sprang to life. There is nothing stolidly Teutonic about Hough's playing. The andante sang with eloquent grace, as fluent as a bel canto aria; the central parts of the scherzo and finale flickered with scintillating brilliance. Where other pianists struggle over pages of semiguavers. Hough darts by with dexterity and finds time to be expressive, too. In the heavyweight sections he did what he had to, though those carried less conviction.

In Wednesday's concert. Steven Isserlis did not try to match the biggest performances of Shostakovich's First Cello Concerto. A huge shadow looms over this work thanks to Rostropovich, who nsed to attack the music as though going single-handedly into battle against the entire Russian army. Isserlis does not see it as a combative concerto like that. He played the outer movements with a keenly sprung sense of rhythm that was almost jaunty. The slow movement was very strange. blanched and without vibrato. It sounded out of tune.

For the rest Wigglesworth chose a Suite from Wagner's Die Meistersinger von Nürnberg (arranger uncredited) and the full orcbestra version of Schoenberg's Chamber Symphony No 1, played with creditably clean ensemble, in the first concert. On Wednesday, the main work was Rachmaninov's glorious Second Symphony, for which Wigglesworth revived some old-fashioned portamento. The performance was not always well balanced (brass hanging heavy in the texture too much of the time) but succeeded in finding the right late romantic swell of emotion by the end.

Richard Fairman



#### **AMSTERDAM**

CONCERT Concertgebouw Tel: 31-20-5730573

● The National Youth Orchestra of Scotland: with conductor Ole Schmidt and soprano Roberta Alexander perform works by Elgar, R. Strauss and Shostakovich; 8.15pm; Aug 3

Rijksmuseum Tel: 31-20-6732121 South Wing: after three years of renovation, the museum's South Wing is open to the public again. Displays of 18th- and 19th-century paintings, Asian art, costumes and textiles are on view in 16 new rooms; to Sep 22

#### **BERLIN**

EXHIBITION Berlinische Galerie -Martin-Gropius-Bau Tel: 49-30-254850 Michael Schmidt. Fotografien selt 1965: retrospective exhibition featuring photographs by Michael

Schmidt (b. 1945) from 1965 to the present. The city of Berlin, where the artist has lived all his life, plays an important role in his work; to Sep 8

#### **BOLOGNA** EXHIBITION

Galleria d' Arte Moderna Tel: 39-51-502859 Gilbert & George: an Anthology: retrospective exhibition devoted to the work of the British artist-duo Gilbert & George. The display includes some 100 large works from

the 1970s to the present; to Sep 8

#### **LONDON**

CONCERT Royal Albert Hall

Tel: 44-171-5898212 BBC Symptony Orchestra: with conductor Leonard Statkin, organist Simon Preston and violinist Ernst Kovacic perform works by Ives/ Schuman, Ives/Schuffer, Copland, Adams and Ellington. Part of the **BBC Henry Wood Promenade** Concerts (Proms); 7.30pm; Aug 4

Royal Opera House - Covent Garden Tel: 44-171-2129234 Swan Lake: a choreography by Petipa and Ivanov to music by Tchaikovsky, performed by the Royal Ballet; 2pm & 7pm; Aug 3

Museum of the Moving Image Tel: 44-171-9283535 • Image-ine: this exhibition celebrates 100 years of film and takes a leap in the future. Multimedia stations display an encyclopaedia of facts from a

century of film. The exhibition also includes a short compilation of the best of British movies; to Oct 9

#### LOS ANGELES

John Anson Ford Theatre Tel: 1-213-4661767

 Chamber Music under the Stars: planist Alexander Toradze introduces members of his Indiana University piano studio: Maxim Mogilevsky, Svetlana Smolina, George Vatchnadze and Vakhtang Kodanashvill. The programme includes Stravinsky's Sonata (1924), Four Etudes, Op.7, Ragtime, Concerto for two pianos, The Rite of Spring, and axcerpts from Firebird and Petrushka; 8pm; Aug 5

#### **EXHIBITION** Los Angeles County Museum of

Tel: 1-213-857-6000 The White House Collection of American Crafts: exhibition featuring works by 72 craft artists working in the media of glass, wood, clay, fiber and metals. US artists represented Include Nathan Youngblood, Bennett Bean, Adrian Saxe, David W. Levi, Dante Marioni, Dale Chihuly and Suzanne L. Amendolara; to Sep 29

#### ■ MADRID

EXHIBITION Fundación Collección Thyssen-Bornemisza Tel: 34-1-4203944 From Canalatto to Kandinsky: Master Pieces from the Carmen exhibition features a selection of about 90 works from the Baroness's private collection. The display includes works by artists such as Toulouse-Lautrec, Monet, Sisley, William Bradford, Maurice Prendemast, Manuel Cabral and Raimundo de Madrazo; to Sep 8

#### NEW YORK EXHIBITION

The Metropolitan Museum of Art Tel: 1-212-879-5500

 American Printmaking 1860-1900: Winslow Homer and His Contemporaries: an exhibition to complement the Homer painting retrospectiva by providing a context for the artist's printmaking efforts. Drawn entirely from tha museum'a collection. Homer printmaking from his early and late career is shown along with works by printmakers active during Homer'a career; to Sep 22

**New York State Theater** Tel: 1-212-875-5570 Four Saints in Three Acts: by Thomson and Stein. Conducted by Dennis Russell Davles and performed by the New York City Opera Orchestra and the Houston Grand Opera Chorus, Soloists include Ashley Putnam, Suzanna Guzman, Marietta Simpson, Wilbur Pauley, Sanford Sylvan, Nicola Heaston and Gran Wilson. Part of the Lincoln Center Festival; 8pm; Aug 2, 3 (also 2pm)

#### **PARIS**

EXHIBITION Paume Tel: 33-1 47 03 12 50 Un siècle de sculpture anglaise:

axhibition focusing on twentieth century British sculpture. The display includes works by Henry Moore, Barbara Hepworth, Tony Cragg, Richard Deacon, Jacob Epstein, Gilbert & George, Richard Long and Bill Woodrow; to Sep 15

Channel 4

#### ROME **OPERA**

Teatro dell' Opera di Roma Tel: 39-6-481601

 Andrea Chenier: by Giordano. Conducted by Gyorgy Gyorivany and performed by the Orchestra e Coro del Teatro dell'Opera di Roma. Soloists include Aprile Millo, Nicola Martinucci and Paolo Gavanelli; 9pm; Aug 4

#### **SAN FRANCISCO** EXHIBITION

Tel: 1-415-357-4000 Alfred Stieglitz at Lake George: this exhibition of approximately 100 works investigates the lata work of the American photographer Alfred Stiegitz, with special attention to the elegiac images he produced at his family home in Lake George, New

#### **VIENNA** EXHIBITION

York; to Sep 22

Kunstforum der Bank Austria Tel: 43-1-5320644

 Drawing in Austria 1908 to 1938.
From Schiela to Wotruba: exhibition of some 130 works on paper by 58 Austrian artists, including Gustav Klimt, Egon Schiela, Oskar Kokoschka, Affred Kubin, Max Oppenheimer, Herbert Boeckl.

Albert Paris Gütersloh, Max Weber and Fritz Wotruba; to Aug 4

#### WASHINGTON

EXHIBITION Freer Gallery of the Smithsonian Institution

Tel: 1-202-357-2700 Choice Spirits: Works by Thomas Dewing and Dwight Tryon: exhibition featuring 27 objects - aasel paintings, silverpoint drawings, pastels, large decorative paintings and a pair of screens - by the American tonalists Thomas Dewing (18\$1-1938) and Dwight Tryon

The focus of the exhibition is the Freer Gallery of Art's collecting habits and aestheticism in turn-of-the-century America. This museum holds tha world'a largest collection of these artists' works; to Mar 1997

(1849-1925).

Aug 4

National Museum of American Art Tel: 1-202-357-2700 Contemporary Printmaking in America: Collaborative Prints and Presses. For three decades the collaborative printmaking workshop in the US has had a aignificant impact on visual art. Ninety works on paper, created by artists in collaboration with more than 35 printers, provide an overview of this

development in contemporary art; to

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European Money Wheel

18.00 Financial Times Business

Tonight

## Euro hopes left out in cold

When Mr Eddie George, governor of the Bank of England, flew to Frankfurt for a meeting of European Union central bankers last month, be had reason to feel upbeat. UK officials believed they were on the verge of winning extensive access for London to Target. the future EU payments system - even if the UK stayed outside the European Union's single currency.

But their hopes were overturned. To their surprise, French and German officials demanded restrictions on access to Target for countries outside the economic and monetary union (Emn) - poten-tially undermining London's ability to trade euros.

The wrangle over Target is striking because it is the first firm example of how Britisb businesses could be penalised if the UK stays outside Emu. It has started to provoke reflecabout the broader risk of discrimination if the UK is sidelined in Europe.

shed," says one senior banker.
"Until recently everybody assumed that the City could survive no matter what stance we took on Emu - but Target has made people think."

The unease is not yet highly visible. Euroscepticism continues to be voiced among some business leaders. Even many pro-European companies question whether monetary union should proceed as planned in 1999. And business leaders worried about the wisdom of the UK opting out of the single currency are reluctant to speak out - not least because the issues appear confused.

"We just do not seem to be debating the real issues," says Sir Brian Pearse, chairman of Lucas, the automotive parts group, who also chairs British invisibles, the City industry group. "There is an assump tion that the City will be fine if it stays inside or outside Emu. but I do wonder if we are just a

bit complacent." The impact of the Target decision on the City of London is still unclear, since many details about the new pay-ments and settlement system are undecided. At worst, UKhased banks might find it harder than their continental competitors to borrow euros through Target for trading. The Target wrangle shows how the UK could be penalised outside Emu, says Gillian Tett



Bank is formed in 1998. This

means the decision will be

taken by likely Emu members

only - potentially excluding the UK.

Mr Graham Bishop, Euro-

pean adviser at the US invest-

ment bank Salomon Brothers

says: "Target is very symbolic,

because it is the first time that

you can see an issue where

that the UK will not be at the

Indeed, the real significance

of the Target wrangle is that it

highlights the nature of the

possible dangers for the UK in

excluding itself from the single

currency. Highly technical and

complex issues such as pay-

ments systems are now the

real battlegrounds in the

run-up to Emu. And although

Target has been the first flash-

point, any loss of influence as

a result of staying outside Emn could possibly affect UK sectors other than banking.

As Ms Kate Barker, chief

economist at the Confederation

for British Industry, says: "The

issue is that business in conti-

asures have been delayed so

This could hobble London's hopes of creating a euro money market, even though the City is Europe's financial capital. However, this disadvantage

for London might be offset if the Rmu area imposed tight regulations such as requirements on banks to hold minimum.reserve levels. Since London does not have such reserve requirements, it could be attractive as an offsbore centre for euro trading - even if it does not become a primary money market.

Although these considerations mean it is too early to conclude what the broader impact of the Target wrangle on the City might be, the epi-sode has provoked unease. "Some of the clearing banks

are Starting to get worried about this," says Sir Brian. "It would not surprise me if they start to beef up their operations in Frankfurt." This unease has been fuelled because the final decision on

conditions for access to Target will probably be delayed until the future European Central

nental Europe is done through deals and negotiations - and that depends on having a constructive relationship." Outside the City, few mann-

facturing companies are now admitting to serious concern ebout how their interests could be damaged by the UK's shunning Emn. UK exporters already selling goods freely in EU markets believe it is highly unlikely that single market legislation would be reversed. But some companies heavily exposed to EU legislation are uneasy about the potential loss of influence.

For example, the chemical industry is one of the few sectors of British business which strongly wants the UK to join Emu. As Mr Bryan Sanderson. head of BP Chemicals points out, some 80 per cent of legislation affecting the chemical sector now stems from Brussels.

We have not seen any sign problem is that the UK's political attitude means that we start every debate on the back foot," he says.

"Being outside you could well have a backlash," says Mr Richard Freeman of Imperial Chemical Industries. "It is something we would have to take into consideration in investment decisions for ICL"

And service sectors which are so far barely touched by the aingle market ecbo this concern. Sir Iain Vallance, chairman of British Telecommunications, has been one of the first business leaders to warn publicly that an anti-Emn UK stance could harm business interests.

"Retaliation is definitely on the cards - there are enough people talking about it," he said recently, speaking in a

personal capacity. British American Tobacco, which plans to expand its financial services interests in Germany, admits it is alarmed. We have always thought that the inner group will find ways to organise themselves covertly to favour their financial centres," says Mr Roger Lomax of BAT. "Target has just confirmed that.

"People are not talking publicly about it now, but once the election gets out of the way. my guess is there will be panic in the business and finance community about being left

## LETTERS TO THE EDITOR.

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#### Russian tastes westernised, but still | LME issue is sweet on home-grown products

From Professor Richard Rose Sir, Roderick Oram's article. 'Consumerism's new citadel' consumers tells only half the story. While there is a demand from some Russians for some western goods, others prefer Russian goods. Our New Russia Barometer surveys of public opinion find 86 per cent prefer Russian chocolates to western chocolates, and 66 per cent prefer a Russian to a

western watch. For colour television, the position is reversed: three-fifths would pay twice as much for a Japanese set as for a Russian

Russians who prefer western goods are a "New Class". younger, more educated and much more likely to work in enterprises never in the public

in short, they are just the sort of people who might

From Mr J. Adoir Turner.

Sir, I refer to Gillian Tett'a

article on the Confederation of

evidence to the Treasury select

committee ("Single currency position 'damaging' ", July 30). I would like to make clear

that the point taken from our

submission referred to tha benefits for business of some

certainty about the way in which the eventual decision

It is true that the value of

keeping options open on Emu

participation at the outset will

diminish, and the value - with

practicalities - of a definite

approaches. But we believe

there is still some value in

decision will increase, as 1999

regard to the business

will be taken.

British Industry's stance on

the transition to Emu. which

quoted part of our written

read the Financial Times. While Dostoevsky is dead, the traditional Russian division between westernisers and Slavophiles can still be found, whether the subject is consumer behaviour or voting

Richard Rose

CBI view on Emu decision

Centre for the Study of Public Policy. University of Strathclyde,

keeping both options open for

evidence to the committee, we

announcement with respect to

In the meantime, however, it

is important that discussions

on the practical issues of the

that the option to join at the

outset does not disappear by

default. The CBI intends to

play a full part in pushing

forward work on that topic.

Confederation of British

103 New Oxford Street,

London WC1A 1DU, UK

J. Adair Turner.

director-general,

Centre Point

transition are nushed ahead, so

a while longer. In our oral

made clear that a decisive

yet, and probably not until

Emu entry was not nece

sometime late in 1997.

Glasgow G1 1XH, UK

### a matter of control

From Mr C.J.B. Green. Sir, In his cagerness to attack the London Metal Exchange, Mr R. Patrick Thompson (Letters, July 30) has himself confused the issues and been sidetracked. He would do well to note the words of Mr John Philips, director of the US Commodity Futures Trading Commission's office of public affairs, who is quoted as snying, in the July issue of Risk magazine: This is a matter of failure of internal controls at Sumitomo, Regulators can't be expected to tell companies bow to run their busines

Finally, Mr Patrick Thompson should not put words into my mouth and then use them to further his cause, Nowhere in my article did I say the [LME] system is "good enough". There is always room for improvements in the light of new experiences or developments.

C.J.B. Green. chairman, Barclays Metals Group, 2 Minster Court. Mincing Lane, London BC3R 7BB, UK

#### Certainty is misplaced

From Mr John Carley. Sir, In your editorial "Embryos" (July 30), you state that, contrary to the opinion of some anti-abortion groups, the destruction of frozen embryos cannot be equated with the killing of babies.

Your certainty is impressive, your statistical proof less so. Inconvenient though it may be the choice between life and death involves rather more metaphysics than does stock market analysis.

John Carley, 13 Prospect Road, Rawtenstall, Rossendale. Lancashire BB4 8HJ, UK

#### No such camp

From Mr Jarek Porejski. Sir. Anna Reid, describing the fate of Ukrainian Jews during the Holocaust in her article "Why the streets are paved with Jewish gravestones" (July 27/28), refers to the Belzec concentration camp as "a Polish concentration camp There was no such thing as "a Polish concentration camp". Belzec, Auschwitz, Treblinka and many other places of Nazi atrocities were in fact German concentration camps in occupied Poland. Such unfortunate statements repeated too often, lead to misunderstandings and dilute the blame of true perpetrators.

Jarek Porejski, Broniewskiego 55 m 12, 01-716 Warsaw,

#### Olympics about goodness of the human spirit

From Ms Neva M. Murphy. Sir, I am disappointed by all the articles criticising the Olympic Games in Atlanta. The media is looking for every possible negative issue. The games are about strength and goodness of the human spirit, not negativism.

Every country that hosted the games had its problems and share of complaints, but what bothers me is the accusation of Americans being jingoistic. I saw a lot of lag-waying at the Olympic

Games in Lillehammer in Norway, and I thought it was terrific. It's nice to see people taking pride in their country. Americans are some of the most enthusiastic supporters of their athletes. Americans also cheer their favourite athletes from other countries - I am

one of them. With regard to the bombing in Centennial Park, it was a tragic incident which brought back the memory of the tragedy at the Olympic Games in Munich. However, most

people remember the gold performances of athletes at these games - I hope people will remember the gold performances at Atlanta. Above all, I hope they remember the spirit of the games and strength of human spirit when it comes to resolute protection of freedom and the remarkable resilience when it is threatened.

Neva M. Murphy. 534 East 87th Street, New York, NY 10128, US Pour reform

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## Europa · Carl Bildt

## Extend the brief on Bosnia

Peacemaking by community must last longer than the end of the year



This is by far the most frequently asked question about the peace process in Bosnia. And can the countries con-

tributing to the Ifor peace implementation force count on their troops leaving at the end of the year?

The record after almost eight months of implementing the peace accord agreed at Dayton is a mixed one.

Mr Radovan Karadzic, leader of the Bosnian Serb entity, has been pressed into handing over all formal public and party functions. But Mrs Biljana Playsic, acting president of Republika Srpska, the Serb-controlled part of Bosnia, is talking about creating "an ethnic state" in terms which indirectly condone ethnic cleans-ing. Not until Mr Karadzic eppears in The Hague to answer war crimes charges can the full normalisation of relations with the Serb entity

In the Moslem-Croat Federation, the other entity in Bosnia-Hercegovina, tensions remain between the two communities, as illustrated by the latest divisions over Mostar. The last remaining Catholic church in the Moslem strong-hold of Bugojno was recently the target for arsonists, and there has been a similar outrage against a mosque in Prozor, a Croat-held town.

But the positive signs are there. On Tuesday, the first train for 1,564 days travelled from Sarajevo to Mostar and on to the Adriatic port of Ploce on lines rebuilt with European Union money. It was heralded by Mr Alija Izetbegovic, Bosnian president, as the sec-ond end of the Sarajevo siege. For all the inadequacies of economic policymaking and the slowness of international help, the cafés are opening, the farms are being cultivated and

some factories are beginning to work. The first signs of economic revival are visible. Bosnia is now heading for state border. elections on September 14, and after the elections comes the



Carl Bildt: the record of implementing the peace accord is a mixed one

phase when the crucial common institutions of the country will be set up and - I hope - start to operate. This is the most difficult and important part of the peace implementation this year - far more difficult than the separation of military forces and transfer of territory carried out by Ifor at the beginning of the year.

Election campaigns inevitahly stress what separates rather than what unites. The chances of the election dimin-Ishing the influence of ethnic-based politics in the three communities in Bosnia-Hercegovina are approaching zero. And if there is any change in attitudes, it is a hardening of those which have driven the country to ethnic separation and ultimately war.

The common institutions that will be created after the elections - presidency, parlia-mentary assembly, council of ministers, central bank, constitutional court, standing committee on military forces - will work only if there is a reasonable understanding hetween the three communities and the two entities. This requires e more or less common understanding of the nature of the

peace agreement. Here, views are very different. On one side, there is the effort to interpret the agreement as a recipe for a unitary Bosnian state, with no real role for the two existing entities. On the other, there is a tendency to see the Bosnian Serb entity as practically independent and its boundary as a

Neither of these interpretations is correct - the peace agreement sets up what is in essence a federal state. It will be a very loose and highly decentralised state with weak central powers for its common institutions - and thus unlike

any other state in existence. The centrifugal tendencles are obvious, and on occasions receiva encouragement from Zagreb and Belgrade. It will thus require sustained international presence and pressure in the region to stop the Bosnian state from disintegrating during the first critical period

of living together again.
One year is not enough time for the forces of healing and reconciliation to become more powerful than the forces of sep-aration and revenge. As I made clear in my report to the UN Security Council, the involve-ment of the international community must last longer than the end of the year and extend

beyond Bosnia The French government has proposed a two-year period of consolidation, and the steering board of the Peace Implemen-tation Council, which I chair, has atarted to discuss the period after 1996. In Bosnia itself, I am seeking agreement for new all-Bosnia elections in September 1998, thus giving the country a two-year period to consolidate the peace and refine the national and interna-

tional structures to support it. Such a period of consolidation must in all probability be supported by a military presence in the county and the region - at least initially. Ifor will leave at the end of the year, but on present trends a substantially smaller but very robust force will be needed to

deter those thinking in terms of war again. Its composition must reflect the transatlantic coalition which - with Russian participation - is so actively pursuing the peace effort. But a security presence is only one part of the overall

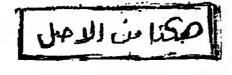
commitment. The European Union must develop its "regional approach" to start making a long-term contribu-tion to stability in the region by creating as free an environment for trade and economic co-operation as possible. This would not only link the different parts of the area together, but also draw them into the long-term process of

would give the EU more power ful leverage in Zagreb and In spite of all the problems, I believe the peace can hold, and the extremely ambitious goals of the peace agreement can be

realised gradually. But the challenges are enormous. What has been done so far this year has been simple compared to what lies ahead. It would be naive to believe that those involved in implementing the peace agreement can just pack up and go home at

the end of the year. If we are lucky we will have made a start towards building a genuine peace - maybe not much more. Nevertheless, that would he an impressive achievement after all that has happened to Bosnia over the four past years.

The author is high representative in Bosnia-Hercegovina. in charge of implementing civilian aspects of the Peace Agreement



Friday August 2 1996

budget for 1997.

already on the books. In this

respect, one of its chief tasks must

be to police the single market and maintain the confidence of busi-ness and consumers in the project.

The Santer Commission's weakness is its lack of inspirational ideas. The ordinary citizen still

has to connect with the Maas-

tricht treaty review conference or

the still greater challenge of EU

enlargement to central and east-

ern Europe.
Inside the Commission there are

only vague hints that people

appreciate the financial and politi-

cal shock which the next round of

enlargement implies. This cer-

tainly applies to the institution itself. Despite useful recent

reforms in financial management,

working methods and culture

have changed little in 30 years.

There is a case for a new manage

ment review. In short, there is

plenty for Mr Santer to contem-plate during his summer vacation.

Many US welfare experts have

warned that the bill will have dire

effects for the poor, particularly

children. Yet it is a measure of the

gamble involved that no-one really

knows how states will respond to

the new system, or the \$55bn cut

in federal benefit payments over

tion ignores the main lessons of

previous welfare reform attempts:

that moving people from welfare

to work takes time and money. It is a measure of Mr Clinton's inse-

curity that, even with a command-

ing lead in the polls, he no longer

believes that he can afford to

devote either to the reform effort

The objections fall into three

categories. First, it is questionable whether the proposal accords with

the principle of subsidiarity,

which lays down that action

should not be taken at the centre when it can better be taken at national level. Second, the text of

tha directive is so vague on soma

issues of takeover practice that it

may not go very far in promoting genuine harmonisation. It fails, for example, to define the point at

which control of a company is

acquired, which is a key issne

when considering the protection

But the greatest British concern

is that the directive would under

mine the Takeover Panel and its

code, which are extra-legal, rely-

ing for their authority on the

acceptance of City practitioners

and an unwillingness by the courts to intervene. The directive

would make the UK regime statu-

tory, opening up the possibility of legal challenges to the panel.

would be fatal to its authority.

However, it is a racing certainty

that companies fighting to retain

their independence against a hos-

tile bid would attempt frustrating

legal action under the directive

Should the courts intervene the

The risk is not quantifiable, but

it is sufficient to justify rejection

of a directive which offers insuffi-

cient European harmonisation,

and cannot address the cultural

harriers which are the greatest

impediment to progress. Market

forces, in the form of more demanding shareholders and cor-

porate need for international capi-

tal, are slowly breaking down these barriers. They should be left

strengths of the current system

speed, flexibility and certainty

would be lost

Not all are convinced that this

of minority shareholders.

on which he so forcefully cam-

six years, that goes with it. What is clear is that the legisla

beach. Some outside Brussels may

not detect much difference in the

level of activity. But a closer inspection of the Santer Commis-

sion's record suggests there is more than meets the eye.

It is true that this is a low-key Commission, cautions to the point

of timidity, a shadow of its activist

predecessors under Mr Jacques Delors. That may be a blessing in

disguise. President Jacques Santer'a two conspicuous successes since he arrived in Brussels 18

months ago concerned issnes which his volcanic predecessor

might easily have mishandled.

Last year, he expertly defused the row over President Chirac's decision to resume nuclear testing in

the South Pacific. This year, Mr Santer played peacemaker in tha

panic over mad cow disease, refusing to isolate Britain while main-taining the pressure on a hostile

government in London to accept responsibility for eradicating BSE.

Mr Santer has been less successful when he switched to offence.

His plan to raise an extra Ecul.7bn to kickstart financing for

trans-European transport net-

works and EU research policy was

misguided. As a former finance

minister, he ought to have realised that France and Germany

would put a higher priority on

meeting budgetary discipline

ahead of the planned leap to mon-

More telling was his failure to extract political capital from the

action plan for employment he

presented to the EU summit in

Florence last month. Far from

being a textbook in corporatism,

the action plan is a thoughtful

hineprint for tackling rigidities in Europe's economy. The Irish presi-

promised to sign is a modest

improvement on the two bills

which he vetoed last year. But it

is still a regressive attack on the

running for re-election would not

change in US social policy since

bole is accurate. In the Social

Security Act of 1935 the federal

government took over responsibil-

gle parent family, or "mothers'

pensions", as they were then

known. In effect, the 1996 hill

Rules governing the conduct of takeovers are far from adequate in

many European countries. Incum-

bent managements can see off hos-

tile offers too easily; the rights of

minority shareholders are often

brushed aside; sharebolders are denied significant information; and some hattles are policed poorly. All this impedes the effi-

cient working of the market. How-

ever, the solution being proposed by the European Commission, in

its controversial 13th directive on

The draft directive, which has

provoked strong opposition in the UK, is a well-intentioned docu-

ment. It aims to harmonise EU

practice by laying down broad

principles and some general rules,

leaving each member state a wide

degree of discretion in the means

of achieving them. The principles

include proper protection of

minority shareholders; the desig-

nation of national authorities to

oversee bids; equal treatment for

all shareholders; rules to ensure

that boards act in the interests of

their companies; and prevention

of false markets in the shares of

All these principles are already

enshrined in the takeover regula-

tions of the UK, which generates

by far the greatest bid activity of

any European country and has

evolved the region's most compre-

hensive and respected rule-book.

It is therefore ironic that British

opinion has been most vocal in

attacking the directive. Opponents

include the House of Lords Select

Committee on the European Com-

munities, which issued a report on

the subject last month, the Law

Society and the Takeover Panel,

the self-regulatory City body. The

government is likely to support

in the City takeover code.

companies involved in a bid.

company law, is not the answer.

hands that responsibility back to paigned in 1992.

Takeover rules

Poor reform

President Bill Clinton's desire to the states, with added stipulations "end welfare as we know it" seems that henceforth welfare assistance

to have triumphed over his hopes will be limited to a lifetime maxi-

of making the US welfare system mum of five years per family and

any better. The Republican-sponsored bill which he has now work after two years on the rolls.

etary union in 1999.

He had a good beef war.

THE TAX ......

Fills Mared



#### **COMMENT & ANALYSIS**



## Surrounded by Mexico's ghosts

President Zedillo is struggling to win the trust of his people despite improvements in the economy, say **Stephen Fidler** and **Leslie Crawford** 

to the financial fold this week with a note issue raising \$6bn on the international markets. Bnt President Ernesto Zedillo was still wearing the haunted air of a man condemned to live with the past.

He stepped into a dead man's shoes to become president, replacing his friend Luis Donaldo Colosio, the candidate murdered five months before the August 1994 general elec-tion. Having won that election he inherited an overvalued currency and found himself presiding over a traumatic devaluation less than three weeks after taking office.

He allowed Mr Raul Salinas, elder brother of former president Mr Carlos Salinas, to be jailed on on murder and corruption charges. Revelations about Raul's hidden fortune and ties to prominent business utives have exposed the murky links between business and politics in Mexico, adding to the nation's sense of betraval at a tima of unprecedented economic hardship.

A year and a half into his presidency. Mr Zedillo has been unable to unravel the murder of Colosio, or that of José Francisco Ruiz Massieu, a leader of the ruling Institutional Revolutionary party (PRI) who was killed in September 1994. Most Mexicans believe the clues to the assassinations lie within the PRL "It is disturbing that so many things have not been properly explained," a leading Mexican banker says. "It has contributed to tha general feeling of unease, of uncertainty, that hangs over us like

Such a bitter legacy explains why, despite early signs of economic recovery, Mr Zedillo is still struggling to win the trust of his people. A Mori opinion poll last month found only 14 per cent approved of his government - and 58 per cent

a shroud."

So far, most of Mr Zedillo's plau-dits have come from abroad. The by Congress this week will pave the

oreign bankers were cele-brating Mexico's return praise for sticking to an unpopular way for more public financing for political parties and a fully indepenausterity programme which has stabilised Mexico's battered currency and halved the annual rate of inflation to about 30 per cent in less than a year. The \$6bn raised this week will go to repay, ahead of schedule, part of the \$20bn credit line made available by the US during last year's financial crisis.

Economic activity has begun to recover from last year's 7 per cent contraction in gross domestic prod-uct. The revival, however, is almost exclusively confined to the export sector, a highly concentrated corner of the economy. According to GEA, the Mexican economic consultants, 580 companies accounted for fourfifths of the country's \$79.5bn exports last year.

In the rest of the economy, the recession has cost almost 1m jobs. and Mexican wages will have lost 20 by the end of the year. Mr Guil-Iermo Ortiz, finance minister, says consumption will not recover its pre-devaluation level until 1998 at

Mr Zedillo is not promising any miracle cure either, and certainly not before next year's mid-term elections. "My government will not be one of surprises or spectacular announcements," he says. "If we want certainty, we need to move according to a plan. For this year, we fully expect to meet our 3 per cent growth target. In 1997, the Mexican economy will need to grow at a rate close to 5 per cent, and from 1998 onwards, we need to grow at rates significantly higher than 5 per cent if possible

Mr Zedillo's ambitions for the economy have been greeted with scepticism. Against this lacklustre economic backdrop. The president is attempting the most radical overhaul of Mexico's political system since the ruling party took power 67

political parties and a fully indepen-dent election supervisor. External auditors will control bow parties spend their money during elections and between them. The overrepresentation in Congress of the majority party - which has always been the PRI - will be reduced by cutting the bias in favour of the party that polls most votes.

"The great value of these reforms," says Mr Zedillo, "is that all parties represented in Congress put their signature to the agreement. We have never had this degree of consensus in Mexico.

The problem with Mexico's political system is that each time we have elections, one side declares in advance the illegitimate nature of the rules and therefore refuses to accept the results," says the president. "Now that all parties have agreed to the new rules, they will respect them. For me this was the key aspect of the agreement. Consensus was an objective in itself."

he electoral reforms, however, are not expected to usher in cleaner and fairer elections auto-matically. "The problem with Mexico is not its laws, but the way in which they are flouted.' says Mr Felipe Calderón, leader of the conservative opposition National Action party (PAN). "New laws will mean nothing unless they allow us to examine the PRI's accounts. Where does it get its money? How does it spend it? I

would give anything to know that." Controversy over the PRI's apparently unlimited resources achieved the dimensions of a national scandal this year in Tabasco, an oil-rich state. The party is accused by the opposition Revolutionary Democratic party of spending more than \$70m to secure the election of the

state governor. Last month a local prosecutor cleared the PRI of any wrongdoing

over a different kind of loan. It just happened that NMB was the only

participate in a DM610m financing

project, which was put together by Bayereische Vereinsbank

package for the Athens airport

But Tzavellas can take some

comfort from the stock market's

more than doubled profits during

reaction to his dismissal. NMB

The day his resignation was

hy 8 per cent, the maximum

before trading is suspended.

announced, NMB shares dropped

allowed by Athens bourse rules

Greek bank permitted to

shortly after Mr Zedillo visited cussed is the best method to pick a Tabasco. Few Mexicans failed to link the two events. Mr Zedillo says the Tabasco con-

troversy was a state, not a federal, affair - so he was obliged to respect the rule of law and unable to intervene even if public opinion would have liked him to act. This narrow interpretation of his constitutional powers, and his reluctance to act outside them, is novel in a country more accustomed in authoritarian, all-powerful leaders.

If we had a long tradition of judicial independence in Mexico, the president's approach would make sense," says a PRI veteran. "Nobody, however, believes in the law. The president's approach is therefore constitutionally correct, but politically unsatisfactory, because it solves nothing."

Many party members worry the president is abdicating vital powers ssary to maintain control over a diverse and fractious nation. Having little support within the PRI, the president has decided he will not interfere in party political affairs. He has also said he will not appoint his successor, foregoing the prerogative of all his predecessors since 1929.

Mr Zedillo's withdrawal from party politics bas left the PRI scrambling to invent a new selection system to replace the presidential dedazo (big finger). Internal discord has postponed a national convention to launch a "renovated" PRI and new selection rules thrice so far this year.

"The oext presidential candidate of the PRI will probably be selected by some kind of primary," says Mr Santiago Oñate, the PRI president. Some party stalwarts, be admits. are so angry at the government's mishandling of the devaluation they would like to disqualify all technocrats from standing for office. Other party members wonder whether the list of qualifications proposed for presidential hopefuls is not too stringent. "What is really being diswinner," Mr Ofiate says.

Mr Ofiate insists the PRI and the

president really want a more open. more accountable political system. But sceptics point to the lack of progress in the Colosio murder inquiry, and the government's reluctance to pursue corruption scandals linked to the privatisations of the Salinas administration (in which Mr Zedillo and many members of his cahinet served), as evidence that little has changed besides the rhetoric.

Mr Jorge Castañeda, an opposi-tion political analyst, is among those who believe Mexico has not yet embarked oo a democratic transition. Because there is widespread cynicism about the independence of institutions, he believes a break with the past can be made only through the establishment of a "truth commission" on the South African or Chilean models. independent and respected notables. such a commission would examine all the issues of the past with a view mainly to knowing the truth, punishing some of the worst excesses and providing an amnesty for others. In this way a break with an unhappy past could be made.

Such ideas have sympathisers in the cabinet. "It is necessary for the health of the country to have a full report on the assassinations," one cahinet member said. "The reason we do not have one is that the political elite is too divided to agree on an 'official' explanation.'

Even if the president were disposed to create a truth commission - and his emphasis on institutional solutions to problems suggests he would not be - he may not dare to for fear of what it would uncover. The fragile political and economic stability rehuilt since last year

would be threatened.
"The past is still the dominant chapter in Mexico." says Mr Manuel Camacho, a former presideotial hopeful who left the PRI last year. "And Zedillo is its prisoner."

#### OBSE

#### At long last lift-off?

■ Iberia, the debt-burdened state-owned Spanish airline Which (\$707m) bail-out at the beginning of the year, is getting to know its new boss, Xabier de Irala, 49.

Yesterday he met the airline's truculent unions and today he's due to hold his first board meeting. He says he wants what the company has falled to deliver over the years; satisfied clients, motivated employees, a constant earnings improvement and a

competitive edge. This is radical stuff for Iberta. which ran up accumulated net losses of Pta240.9hn between 1990 and 1995.

But then de Irala, one of tha most imaginative corporate appointments of Popular party leader Jose Maria Aznar'a new centre-right government, is unsulfied by public sector lethargy. His background is in marked

contrast to that of previous incumbents - there have been three in the past six years - who were drawn either from the upper echelons of INI, the public sector holding now being wound down, or the Francoist establishment, whose corporate acumen is best forgotten.

The son of a prominent Basque . nationalist who was exiled after . the Spanish civil war, de Irala was born and brought up in the US and . has held senior executive posts in General Electric and in Asea Brown Boveri.

Fasten your seat belts as he introduces entirely foreign notions to Iberia - such as downsizing, or, in its case, right-sizing.

#### Don't bank on it

**■ Costas Simitis, Greece's** erstwhile mild-mannered mime minister, is showing his true. colours - by starting to put his own stamp on the Panhellenic Socialist Movement. After inheriting the party

leadership last month from the late Andreas Papandreon, Simitis has started what promises to be a thorough purge of top officials who were close to his predecessor. First to go is Anastasios

Tzavellas, who hald two big jobs simultaneously: governor of the state controlled National Mortgage Bank and chairman of the Athens Airport Company, a joint venture between the Greek state and Germany's Hochtief group, which is building an Ecu2bn new airport

for the capital. Tzavellas's high-handed style annoyed the central bank. His mistake was to ignore a recent Bank of Greece request to rein-in mortgage lending. NMB's generous hand-outs contributed to a surge in credit expansion that threatened to blow the bank's monetary policy

Commercial bankers were piqued

out of the water.

A grave business # In the UK, Douglas Davies, Old Groves - voted by the

author of a book called Reusing Bookseller magazine Oddest Title of 1995 - is joining the board of the Crematoria Investment Company. CIC runs a crematorium in Aberystwyth, is developing two more in Wales and Scotland, and plans further expansion.

Asked what his tasks would be as a director, the expert on death rites said: "I don't know." Aged 49, be's professor of religious studies at Nottingham university, as well as an unpaid Church of England minister, but this is his first directorship.

Reusing Old Graves argued that most people think new bodies should be buried in existing graves, as a way of saving space.

Davies is quite prolific, having also written a UK-wide survey called Crematoria in Public Profile. Crematoria are "a

non-researched area in the UK astonishingly", says Davies, who is described by CIC as "the owner of perhaps the most infectious laugh in the cremation business". CIC hopes the death rate will

pick up from 2004. The company blames the current hull partly on the second world war, which killed many people who would otherwise be dying now.

#### Dog days

■ Bollywood starlets insure their legs. Concert pianists insure their fingers. But in Vietnam, people insure themselves against being hitten by their dogs.

Bao Viet, an enterprising insurance company, recently started selling a special policy for pet owners worried about rabies. Concern is apparently so high in the central province of Hue that 30,000 pooch owners have bought

into the package. A mere 30 US cents buys protection worth \$10 if the owner requires treatment for rables. In one case, Bao Viet paid \$136 to the family of a man who had died after being bitten by a rabid dog, a figure roughly equal to the province's annual per capita

But sadly, there's not a word on what happens if man bites dog.

## Financial Times

#### 50 years ago

Shanghai Exchange to Reopen The Shanghai Stock Exchange is being thoroughly reorganised for reopening. Formerly British-registered, the new exchange will be Chinese controlled, and only shares of Chinese limited companies or of partnerships that have been registered under Chinese Company Law will be companies will he accepted only after they have been properly registered under the company law, and provided the foreign companies are doing business within Chinese territory. The Volkswagen

A report that Bristol Aeroplane Company was to manufacture the Volkswagen, the so-called German people's car, was denied by a representative of the company yesterday. Mr. John Wilmot, minister of snpply, said in the House of Commons on July 22 that proposals for manufacturing certain makes of German and Italian cars were being examined.

N. Rhodesia Mines to Close? The Northern Rhodesia Chamber of Mines will have to consider placing all mines in Northern Rhodesia on a care-and-

maintenance basis and gradually disperse the European and African employees, said a statement made at a meeting of the Chamber of Mines and the Northern Rhodesia Mineworkers

but still i sit issue

decision

isti spirit

人 放著 (4) 22. 1

country's meagre social safety net which a reformist president not Both critics and supporters of the bill have dubbed it the biggest the New Deal. For once, the hyper-

Rowe & Maw

EXPERT CORPORATE LAWYERS

## FINANCIAL TIMES

Friday August 2 1996



Governor insists there will be no devaluation

## Thai central bank spends \$1bn to defend currency

Thalland's central bank has spent more than \$1bn, or nearly 3 per cent of its foreign reserves, fighting off a renewed attack on the baht over the past week, the central bank revealed yesterday. For the first time, the bank has intervened outside the Bangkok market, selling dollars for baht in Hong Kong and Singapore where the Thai currency is actively traded, dealers said.

Pressure on the baht has intensified since late last week when the central bank scaled back its projections for export and gross domestic product growth and revised its current account deficit forecast to 7.8 per cent of GDP

This cast fresh doubt on Thailand's ability to sustain its export performance. The resulting market nervousness again caused the central bank yesterday to insist there would be no devaluation.

The size of the intervention and the methods employed were designed to send a message to speculators, said Mr Rerngebai as currency trouble, together

Marakanonda, central bank gov-ernor, "We want to confirm our principles on the exchange rate system: there will not be any

The bank has not called on repurchase facilities offered by other Asian central banks but the move into foreign markets mirrors the approach to intervention of the central banks of leading industrial countries.

More than half of all baht trading takes place offshore. Many traders bave worried that this weakened the central bank's ability to inflnence the currency. despite foreign reserves of more than \$39bn.

The latest intervention allowed the Bank of Thailand to fix the mid-rate of the baht at Bt25.22 to the dollar, an appreciation of the currency by six satang. The closing rate was Bt25.259 compared with Bt25.273 on Wednesday.

Separately. Thai brokers and mutual funds agreed to set up a support fund for the ailing Thai stock market. This has fallen by 15 per cent over the past month

nomic growth and poor corporate earnings, spilled into equities. Taking a further leaf out of the books of the central banks of industrial countries, the Bank of Thailand resold baht purchased

in Hong Kong and Singapore in the forward market. This helped ease the money market pressures and offset the drain of baht liquidity as a result of its intervention in the spot currency market. The bank also offered to buy bills of exchange from banks and finance companies, in addition to government

Yet this intervenbon has been only partially effective, with short-term interbank rates still at 17 per cent, down from a high of 36 per cent on Wednesday. "The bank is in a difficult situation here," said one Thai fixed-income analyst. "The system can only handle rates like this for a week or two. But if they pump in too much money they undermine the

baht. So far they're doing OK." World stocks, Page 30

## US and Japan agree outline for new semiconductor deal

By Our Foreign Staff

The US and Japan yesterday agreed on the framework of a new semiconductor accord that Tokyo hopes will begin as a bilateral pact and evolve into a multilateral agreement including the European Union.

Negotiators meeting in Van-couver agreed that the two countries would continue to monitor market share through their semiconductor industries

This marked s shift from the government intervention at the centre of two previous US-Japan semiconductor pacts.

The two sides were continuing to negotiate the details of how market share data would be interpreted by the governments as an indication of market open-

Tokyo has insisted that the US government should not have a direct role in the monitoring of

However, negotlators were fearful the deal could still fall points were not agreed.

"It has been frustrating," said a "Every time we seem to be close to closing our differences, it

evaporates." he added. Officials earlier said they had made rapid progress on a two-pronged deal in which the semiconductor industry will play the central role in collecting, analysing and reporting data on Japan's \$44bn computer chip industry, leaving governments only a vague role in monitoring develop-

"If you have the data, you know how the market is functioning," one US trade official said. It will be easier to determine whether a drop in foreign sales in Japan is due to anti-competitive practices or other forces and also help the industry keep an eye on potential dumping in the face of falling prices.

US president Bill Clinton and

Japanese prime minister Ryutaro Hashimoto agreed last month to settle the dispute over computer chips and another one over insurance trade by July 31. With the prestige of their leaders at stake. negotiators were making an all-out push for a deal even

> that deadline. A pact would be another preelection trophy for Mr Clinton. Just as the US-Japan agreement on the car industry was designed for Detroit, an important area electorally, an extension of the semiconductor agreement is aimed at Silicon Valley in Calif-

though they were unable to meet

ornia, the most populous state. It has not been easy for US trade officials to justify demands for a new pact when the old one brought them more than 30 per cent of the Japanese market. The initial target was 20 per cent. "It would be a remarkable act of bad faith if things went back to the

#### A 1991 semiconductor agreement that called for collecting way they were," a US official similar information and quarterly reports on foreign makers' share of Japan's semiconductor

Boeing to buy part of Rockwell for \$3bn Continued from Page 1

cbairman, said that defence would balance Boeing's commer-cial aircraft business, since the two industries tended to move on

different cycles. Rockwell will emerge from the disposal with the financial flexibility to mount a big acquisition

Europe today

The British Isles will be mostly cloudy with some light rain. Western Europe will

be mainly dry and less gloomy with occasional sunshine. A cold front will stretch from the Baltic states, ecross the Alos and into northern Soain, bringing rain with some thunder. Scandinavia will

be mostly cloudy with showers. High pressure will bring mainly sunny and

warm conditions to southern and east Europe, but isolated showers are possible. There will be very high temperatures in Spain and in the

Heavy thunderstorms will develop over

eastern Europe as a cold front meets a warm air mass. Western Europe will have more sunshine with higher temperatures as an area of high pressure moves across the British Channel towards the Baltic Sea. Southern Scandinavia will become dry with sunny periods later on. An intense low will form near iceland after the weekend and its fronts will bring rainy periods to the British Isles.

of its own. The company will be virtually debt-free, and its strong cashflow - despite a \$1bn share buy-back programme announced yesterday - will enable it to make "complementary acquisitions", said Mr Donald Beall,

Rockwell, which grew through a number of acquisitions of its

HIGH

own to become a broad-ranging conglomerate, has set its sights in recent years on factory automation and electronics. Rockwell is thought to have considered a sale of its car parts business the original core of the company when it was formed in 1919 - to focus on these faster-growing

FT WEATHER GUIDE

## growth expected to pick up next year

By Judy Dempsey in Bonn

The growth rate of the German economy should pick up again next year, but the Ifo economics institute is forecasting a modest 2 per cent rise after only 0.75 per

It warned that high unemploy-ment would persist as industry-continued to rationalise in a bid to cut costs and increase competi-

growth in the second quarter would more than make up for the seasonally adjusted 0.5 per cent fall in the first quarter.

The main source of strength in the economy continues to be exports, despite slow economic growth throughout the European Union and frequent complaints that high operating costs are hurting the international compet-itiveness of German industry. Ifo said German exports would grow a real 3.5 per cent this year com-pared with 1995 and surge to 5

ing the fast growing economies, particularly the south-east Asia markets and indeed eastern Europe," said Mr Holger Fahring-krug, chief economist at UBS in Frankfurt. "Much still depends on the strength of the D-Mark against the US dollar."

The boost in exports is having

But Ifo and analysts said the effects of these positive trends would take some time to filter to other sectors of the economy.

would dip to under 10 per cent in the second half of this year, compared with 10.5 per cent in the first half, but expected it to rise to 10.5 per cent early next year. Consumer spending, influenced

by fears of unemployment, the heavy tax burden and the govern-

## German

cent growth this year.

In its latest monthly report, the institute said that sustained growth would continue to be heavily dependent on exports as consumer spending and construction remained sluggish.

The report, in line with recent government estimates showing signs of recovery, estimated that

per cent next year.
"German companies are target-

a spin-off effect on investment in plant. After a 2 per cent rise in 1995 followed by zero growth this year, Ifo expects an increase of 3 per cent next year.

Ifo said the unemployment rate

ment's plans to introduce savings of DM50bn (\$33bn) next year through social welfare cutbacks was set to grow a modest 2 per cent this year compared with 1.7 per cent last year and a further 2 per cent in 1997, Ifo said. investment in the construction

industry might fall as much as 4 per cent this year in west Ger-many and it believes a boom in east Germany is about to end. Ifo reckons overall growth in construction will fall 4 per cent next year after a decline of 1 per cent for the second half of this year and a sharp drop of 5 per cent during the first six months caused largely by a long winter.

#### THE LEX COLUMN

## Boeing goes ballistic

After its failure to merge with McDonnell Douglas earlier this year, Boeing's \$3.2bn acquisition of Rockwell's aerospace and defence operations looks like a consolation

That does not make it a bad deal. The two businesses complement each other in defence electronics, space systems and missiles, providing plenty of scope for cost savings. Moreover, Rockwell's electronics expertise will lend credibility to Boeing's bid to manufacture the next-generation US Joint Strike Fighter, one of the fattest con-tracts around. Despite that, Boeing is paying only once sales, well below the 1.2 times Northrop Grumman forked ont for Westinghouse's defence operations. That should make the purchase earnings-enhancing from 1998.

But it still leaves Boeing with some catching up to do in the rapidly con-solidating US defence industry. Its combined annual revenues of \$8.9bn will be well behind Lockheed Martin, the leader with sales of \$25bn. Given Boeing's ambitions to be one of the survivors of the shake-ont, further ecquisitions look inevitable. That in turn could push its rivals closer together: a combination of McDonnell Douglas and missiles specialist Ray-

theon would make sense.

Rockwell, which faced the choice of doubling up or getting out of defence. is in good company by opting for the latter route. Honeywell, Ford and Westinghouse have all withdrawn from defence in the past few years. With good positions in factory automation, semiconductors and car parts, as well as \$500m of net cash after this deal, Rockwell looks the real winner.

The point of investing in Shell, supposedly, is that you can be sure of it. Well, not yesterday. Strip out currency effects and a higher tax charge, and the second-quarter results were not too bad. But they certainly were not the pleasant surprise provided by most of the US majors, or Shell itself in the first quarter. And the company's downbeat noises about prospects in chemicals and Far Rastern refining did nothing to help.

Still, there is a case for the shares' punchy rating of 15 times next year's earnings. After all, Shell's future production growth looks impressively healthy. And if the phenomenal sums being thrown off in free cash are anything to go by, dividend growth should be much stronger than the shares' undemanding yield would imply. This may not make them cheap by compari-aon with British Petroleum, whose US aerespace companies Share prices relative to the SSP Compo

commitment to boosting returns is much more clear-cut. But compared with the US majors - whose prospects are generally duller - Shell's rating

looks quite tempting. Nonetheless, excellent "upstream" results - the oil price and demand are both strong - cannot disguise the fact that returns in Shell's chemicals and downstream businesses are lousy. True, the company is making some progress in grinding unit costs down. But this is too slow; more radical action will be needed to get returns in these businesses up to acceptable levels, Moreover, Shell is over-fond of its inefficient balance sheet: 16 per cent of capital employed mostly cash is generating a return of just 3.5 per cent. While this persists, investors could be forgiven for questioning just how deep the company's commitment to share-bolder value really runs.

#### TI Group

TI continues to produce impressive results. In the first half, the engineering group increased underlying profits by 15 per cent on a 7 per cent improvement in sales. But with the shares trading at a 30 per cent premium to the stock market average - a higher rating than both Siebe and Smiths Industries - investors have come to expect as much and more. The obvious way to deliver more is

through acquisitions. But despite a growing cash pile - now £71m - there have been no significant purchases in the past 18 months. Given the negative reaction to the group's takeover of Dowty Aerospace in 1992, chairman Sir Christopher Lewinton's caution is understandable. He does not want to endanger TI's hard-won rating by buying lower-quality businesses or over-

Another difficulty is that the group is unwilling to stray outside existing core areas like automotive tubes. mechanical seals or polymers. However, Ti's strong market positions mean bolt-on purchases large enough to make an impact are hard to find One notable exception is the joint venture with Messier in aircraft landing gear. TI would dearly like to take full control, particularly since a reducing profit share arrangement dilutes its exposure to recovery in the aerospace market. But with the French unwilling to sell, there is little Sir Christopher can do but wait.

Of course there is always scope to win a bit more market share and to tease up margius by improving the product mix. But until TI takes the plunge and buys something it is hard to see the shares outperforming.

#### Kepit

It is easy to conclude that the best thing for the Kleinwort European Privatisation Investment Trust (Kepit) would be to put it out of its misery, as proposed by TR fund management's European Growth Trust. Kepit was both ill-conceived, raising far far more than it could wisely lovest, and ill timed, since it emerged in the depths of European recession and shortly before a stock-market correction. Moreover, its performance has been far worse than its peers. But if it is to be put down, it should be at the hands

TR certainly deserves gratitude for its intervention. Corporate raiders provide a useful service in the investment trust industry, where excess supply of funds and poor management can cause substantial discounts to net asset value. But TR's raid promises more than it is likely to deliver. Not only do the TR fund and its advisers stand to cream off around £3m more than if Kleinwort were to liquidate Kepit itself but, given the limited time frame under which TR is operating. marketmakers would spot them from a mile off and mark down the prices of the shares in Kepit's portfolio in antic-

Of course, Kleinwort may not want to destroy a fund from which it receives £4m a year in management fees; but with vultures circling It could probably be persuaded to change its mind. Or it could offer alternatives such as converting Kepli into a unit trust, or switching inves tors into a more successful fund. Cer tainly, Kleinwort should be able to offer something better than TR, and more compelling than the miserable performance of the current portfolio.

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Demand for western skills is growing as expatriate companies put down roots in Russia, says John Thornhill

## Opportunities blossom in the Wild East

responsibility undreamed of back home. In the early 1990s, it seemed, only the brave, committed, or foolhardy ventured to the "Wild East", throwing up great opportunities for those who

Russian could find a challeng-

ing and well-paid job in

Moscow with a degree of

ot long ago young

foreigners with a sense of adventure and a knowledge of

made the trip. Many western companies viewed Russia, like 19thcentury America, as the ragged frontier of capitalism, a dangerous, seemingly lawless land hut with unbounded longer-term possibilities.

To explore the Russian market without committing much capital, they opened represen-tative offices giving jobs to young - and comparatively cheap - linguists with limited commercial skills.

But parts of the Russian economy, particularly the underdeveloped services and consumer products sector. have been growing at an astonishing pace. Many of these entrepreneurs have gone on to head businesses which have blossomed into \$50m turnover

As the market has matured

lised, many multinational companies such as ABB, Tetra Laval, Mars, Nestle, Philip Morris, and Cadbury Schweppes have started putting down deeper roots in Russia and

opened manufacturing plants. Their demand is now for more experienced western managers with specific financial, marketing and restructuring skills. Knowledge of the Russian language or culture is often a secondary concern.

Along with the heavy investments come the heavy people," says one manageme consultant who advises a range

A survey of 35 businesses active in Russia conducted by Korn/Ferry International, the racruitmant consultancy, found expatriata executives retained a big role in the management market in spita of attempts by companies to Russify their operations. A new generation of talented

and energetic Russian managers may have emerged since In the collective image of the western media, Russia appears to resemble a drunk - out of control, short of cash, and lurching from ona illmannered confrontation to

Economic hardship, resurgent communism, the conflict in breakaway Chechnya, and a brutal wave of contract killheadlines and television news

the collapse of the Soviet Union. But few western companies are prepared to entrust their sensitive financial and strategic jobs to local staff.

Foreign companies need to submit internationally acceptable accounts to their head offices and maintain stringent controls over their hrand names and quality of their production. Such jobs are still overwhelmingly the preserve of foreign middle-ranking corporate managers.

According to the study, a western executive will typi-

bulletins about the country. But such attention-grabhing incidents fail to reflect the many quieter social and economic developments rapidly turning Russia into a more "normal country" in which to

live and work. One of the best ways of appreciating how much the country has changed is to read the travel tips in ald guidebooks about the former Soviet Union

cally spend between three and six years in Russia and can expect to work extremely hard during that time, imposing a atrain on family life. Often managers end up performing tasks way beyond their nomi-nal fields of responsibility given the unpredictable nature

Salaries are generally high and perks are good to compensate for the hardships and the fact that Moscow has rapidly become one of the most expensive cities in the world. The rent on a quality apartment is

of the business environment.

and contrast them with present-day realities.

For a start, visitors to Moscow no longer need to bring their own provisions. The quenes, which were a seemingly permanent feature of Russian life in Soviet times. have disappeared. Most goods are now available - at a price. It is no longer necessary to bring jeans, pens, or cigarettes

to curry favour with Russian ahout \$5,000 a month. But attracting managers of sufficient calibre is still a difficult task. Western perceptions of Russia - most of them negative - still act as a deterrent no matter how far they lag behind

the fast-changing reality. Mr Jonathan Holmes, country manager for Korn/Ferry, says he has to work hard to overcome managers' suspicions of Russia, which is viewed as economically backward, politically unstable and criminalised. But he says many managers are tempted by the

officials. Moscow's wealthy elite, clad in their finest designer clothes and supping at \$300-a-head restaurants,

nouveaux pouvres. Foreigners are free to travel almost anywhere in Russia. Some aspects of Russian life, though, remain immutable. A high tolerance for vodka is still a considerable business

excitement of working in such a dynamic country once they know what it is like on the

"People quickly realise it is a bloody interesting market," says Mr Holmes. "They may be worried about personal security but 1 certainly feel safer walking around these streets than parts of London."

Yet working in Russia is certainly not for the faint-hearted. In some respects, Moscow does resemble a third world capital with poor infrastructure and corrupt and obstreperous petty

officials. Moscow's Sheremyetevo airport remains a byword

for frustration. Telephooes still work only sporadically, travel outside the big cities can be decidedly now sneer at foreigners as the uncomfortable, and an arhi-trary ruling by the tax police can spell the difference between a company's success

or failure. Undoubtedly, crime does impinge on some businesses and a handful of previously immune western companies have been targeted by criminal organisations or defrauded by business partners.

You achieve 80 per cent by putting in 120 per cent in this market." says Mr Holmes.

Encouragingly, however, there is pressure for improvements in working and living conditions coming from both local and foreign companies.

than 50,000 expatriates in Moscow, a rich enough pool of customers to encourage the opening of new restaurants and supermarkets. More imporlantly, a wealthy stratum of better goods and services.

Russia also boasts many compensating virtues and there is an astonishing level of sophistication about many areas of life. Russia, with an extremely rich national cul-ture, is certainly the only emerging market with an orbiting space station and a 99 per cent adult literacy rate. "I visited a town of 80,000 people the other day and 1,000 of them had PhDs," says a western fund manager. "Where else in

the world can you find that?" Some foreigners are so attracted by the opportunities in Russia that they are even joining local companies believing they offer more exciting

Miss Danielle Downing, a 31 year-old business graduate from Warton business school came to Russia in 1990 to help set up the Moscow Commodity Exchange. She now heads the research and sales department at Alliance-Menatep, a Russian investment bank.

emerging market in history," sbe says, "Combining western management practice and Russian entrepreneurlalism certainly makes an exciting oux."

London



EUROPEAN MONETARY INSTITUTE

#### Vacancies in the Information and Communications Systems Department

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of a future European Central Bank (ECB). The EMI currently employs approximately 200 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The positions will be on a fixed-term contract basis and candidates must be a national of a Member State of the European Union.

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- University degree or comparable qualification.
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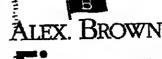
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At NatWest Markets, the global corporate and investment banking arm of NatWest Group, our Acquisition Finance unit is dedicated to helping senior management teams realise the potential of their business ideas.

With offices in London, Manchester, Leeds, New York and Milan we are a recognised leader in the acquisitions market offering proven expertise in management buy-outs, buy-ins, enrorate takeovers, restructurings and recapitalisations. Last year alone, we leveraged deals with a total value in excess of

But helping businesses develop, grow and ultimately flourish requires not only funding resources, but also financing experience and deal structuring capability. Now extending our expert teams, we seek ambitious, top-quality people - cither newly qualified graduates or with some investment banking experience - to train in the complex field of acquisition finance. Joining one of six client service teams, you will initially be working with senior executives on major deals, gaining the

knowledge and confidence to establish your own client cootacts and take on relationship-building responsibilities.

To succeed, you must have a good degree and either have or be adaptable to acquiring high level Lotus 1-2-3/Excel spreadsheet skills. For those with previous investment banking experience, you should have a knowledge of structured finance, cashflow and business marketing, and be familiar with computer modelling techniques. European language skills would be useful.

These challenging rules demand a high level of dedication and you will need to be totally committed to team performance and personal success. In return the rewards, will be substantial with competitive packages linked to ability and experience, plus every opportunity for rapid career progression within this highly specialised area of our business.

To apply, please write with your CV, quoting ref: 484, to: Alastair Lyon, Response Handling Service, Associates in Advertising, 5 St John's Lane, London ECIM 4BH. Closing date: 14th August 1996.

NATWEST MARKETS

#### Top Sales Persons Required

Due to our recent involvement in China, we are looking for the sales persons in the following fields, Chemicals, Healthfoods, Metals, and Computers. Applicants must specialise in one of the above fields, with at least five years sales experience. Good salary, excellent commission and company car. Apply to Mr G. Olehan, HTC, Unit 1.1, Wembley Commercial Centre, East Lane, Wembley, Middx HA9 7UW. Tel 0181 385 0462.

INVESTMENT STRATEGIST REQUIRED by South East Asian Retail Brokerage

Familiarity with Asian Stock Markets and Global Fixed Income Markets essential.

Extensive opportunity to travel. Competitive salary based on experience, Relocation costs will be met.

Please fax response to Kathleen Leslie & Associates on: 01982 553129



FUND M.

European and US Equity Sales Traders

relationship with these clients.

Listed and ADR markets.

working as part of a small team of four people.

responsible for helping to grow revenues from existing and new institutional

• use traditional sales/trading methods to form, maintain and grow a

• minimum of two years experience in the European/US equity markets, dealing

with UK and continental European institutional clients in European/US OTC.

clients based in the UK and throughout continental Europe.

ce Associate

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## UK Institutional Dealing Manager and Equity Sales Traders

#### Highly competitive remuneration package

We represent one of the leading securities brokers with offices in the key financial centres of Europe, Asia and North America who are looking to take on three individuals to strengthen their London office.

All candidates must be educated to a high standard and be fully computer literate. They will be highly motivated self-starters with a lively personality and with established relationships with major UK and European institutional clients: The ability to communicate orally and in writing at all levels is essential and language skills would be favourably received. o. 407 7. . . .

#### Senior UK Institutional Dealing Manager

- reporting to the Dealing Director.
- managing team of up to twenty people responsible for growing revenues from. an established and growing list of institutional clients.
- responsible for maintaining client relationships at a senior level.
- identify and introduce new clients to the company.
- minimum of five years experience in global equity markets, dealing with UK and continental European institutional clients.
- managerial experience essential.

Bank of Ireland

Asset Management

SINCE ITS FOUNDATION IN 1966,

A PROVEN TRACK RECORD OF

FUNDS UNDER MANAGEMENT

BIAM MANAGES GLOBAL

GERMANY, AUSTRALIA

AND SOUTH AFRICA.

PRIVATE CLIENT PORTFOLIOS = =

**FUND MANAGER** 

Rothschild Asset Management Limited manages funds for UK and international clients, both private and institutional, and as part

of a global network within the Rothschild Group. Continued growth has resulted in the need to recruit an experienced Private

Working as part of a small successful team the role will involve

managing a designated group of private client portfolios and oew

Liaising directly with high oet worth clients, this is an opportunity

for a high calibre individual with at least five years solid experience

in a discretionary private client fund management environment.

Applicants are likely to be graduates, deemed to be IMRO threshold

competent and, ideally, members of the IIMR; the successful

candidate must also possess excellent communication and analytical

skills together with a good knowledge and understanding of the

The position carries a first-class compensation peckage with the

usual benefits; success in this high-profile role will lead to good

prospects for future career advancement within the Rothschild

Please send your full curriculum vitae (including details of current

remuneration) in the strictest confidence to Sara Morris, Personnel

Manager, Rothschild Asset Management Limited, Five Arrows

House, St. Swithin's Lane, Londoo EC4N 8NR.

PERFORMANCE.

BANK OF IRELAND ASSET MANAGEMENT

OUTSTANDING LONG TERM INVESTMENT

WORLD-WIDE ARE APPROXIMATELY £10EN.

IRELAND, THE US, CANADA, THE UK,

SECURITIES FOR A BROAD RANGE OF CLIENTS IN

Client Fund Manager.

investment markets.

Group.

business development initiatives.

(BIAM) HAS GROWN A GLOBAL BUSINESS WITH

For a confidential discussion please contact Kate Dereham or Edward Hunter Blair, Telephone: 0171-236 2400, Fax: 0171-236 0316 or apply in writing to: Sheffield-Haworth Ltd., Prince Rupert House, 64 Queen Street, London ECAR 1AD.

#### SHEFFIELD-HAWORTH

Consultants in Search and Selection

## **Administration Manager**

Due to the continuous growth of our business, an exciting opportunity has arisen to join our London-based ream.

This key role involves the management of a team who provide the administrative function of the Londoo office. Team responsibilities include Portfolio Administration, Sales Support, and Regulation and Compliance.

Reporting to the Managing Director, the successful candidate will co-ordinate and manage the team's activities ensuring their efficiency, accuracy and timeliness. In addition, the role will involve ongoing projects such as LT. enhancements and client service requirements.

Candidates, ideally in the 28-35 age group, will have a minimum of 5 years experience in client servicing and administration within the fund management industry. They will be ambitious, highly oumerate and will be versatile in the use of personal computers. Experience of project management will be a dicided advantage.

An excellent salary and benefits package, which is performance driven, will be offered to the successful candidate.

Please write, enclosing d'detailed curriculum vitae, to:

Ann Ringrose Personnel Manager Bank of Ireland Asset Management (UK) Limited

36 Queen Street

London EC4R 1BN

Closing date for receipt of applications: 14th August 1996

BIAM IS AN EQUAL OPPORTUNITIES EMPLOYER

#### Bank of Ireland Group (♥)

Barens Group is a growing consulting firm that provides corporate finance, financial sentor and economic policy related services in emerging markets. The company operates through a network of over 20 offices would stide. Barens has several immediate operators with highly competitive renumeration packages for experienced profession London, Central Europe and the CIS.

SENIOR ASSOCIATE/MANAGER - London-Based (Reference Code: SAM)

Position will be responsible for the management of proposals to institutions of the European Union, EBRD and other European multifaseral and development agencies; marketing Banestr Gourp accounts potential commercial and multifaseral clients and paraness across Europe; identifying and coordinating new project development; and

Successful candidates will possess extensive experience in consulting/finance in emerging markets in Central and Eastern Europe, and a background working with European development institutions and multilateral agencies. The ability to adapt rapidly in a fast changing market environment is essential. Knowledge of major European languages is a definite advantage.

RESEARCH ASSOCIATE/ASSOCIATE - London-Based (Reference Code: RAA)

Individual will suppost proposal waiting processes, production of presentations, operate and manage a variety of proprietary databases (Notes, Access, FoxProbased), and develop corporate literature and marketing material.

Successful candidates will have excellent writing and communication skills, the shifty to take personal responsibility for product development and a willingness to work in demanding, fast-paced and changing business environments. Experience in consulting/marketing, as well as knowledge of major furopean languages are

SENIOR ASSOCIATES/MANAGERS/DIRECTOR - CEE-CIS-UK-Based

(Reference Code: SAMD) Due to the rapid development of Barents Group's worldwide operations and fine continued expansions of its network of local offices, the company is now seeking to hite select individuals and expand its consultant base to continue the company's growth into the future.

We are seeking to staff permanent positions and short/long tern consulting entigonents based in Burnits Group's worldwide offices in Central/Eastern Europe, CIS, Latin America, Southeast Asia. Responsibilities will include execution of consulting and finance projects within the scope of the 5 penatices of Burents Group:

Marchant Banking and Corporate Services Practice
 Policy Economics Practice, Basith Economics Practice
 Pinancial Sector Services Practice
 Information Technology Practice

Relevant florance/consulting/industrial experience within Barents primary sectors of operation is executed. Phiency in additional EU or Essien/Central European Iso-guages and the ability to work on Puropean Union Barancial projects are advantages. For more information or to suply please mail or fax CV's and a cover letter indicating appropriate Reference Code to Barents Group (Europe), Human Resources
Department, Reference Code \_\_\_\_\_\_\_19-25 Agg/H Street, London WIV IAA,
Culted Kingdom. Par. +44 171 333 1451.

The Federation for projects connected to the International HUMANA People to People movement seeks:

- Child Aid program managers
- Vocational school headmasters
- 2nd managers buildings projects ● Headmaster Street Kid Schools

and others.

The activities are in the rural areas in Zimbabwe, Angola, Zambia and Mozambique. Responsibilities: economy, planning, expansion and daily running of the activity. The applicant must have experience from similar work and experience from work in Africa is an advantage.

Application with full CV must be sent to: Headquarters c/o DAPP P.O. Box 4657, Harare, Zimbabwe

World Meteorological Organisation

#### **WANTED: CHIEF, FINANCE** AND BUDGET DIVISION

The World Meteorological Organisation, a specialised agency of the United Nations common system with Headquarters in Geneva, seeks qualified male or female candidates for the position of Chief, Finance and Budget

We require recognised academic and/or professional accounting qualifications and 15 years of progressively responsible work experience leading to a similar position. preferably acquired in an international organisation, with e good mix of budgeting, finencial menagement and practical accounting: in-dapth knowledge of EDP applications; demonstrated ability to exprass himself/herself clearly and convincingly, both orally and in writing; excellent knowledge of English or French and e very good knowledge of the other language.

We offer competitive international salaries, with a minimum ennuel net aelary plus post edjustment af US\$102,772 (singla rate) or US\$110,814 (dependency rata), and an attractive package of allowances and benefits as applicable to the U.N. common system.

Last day for receipt of applications: 30 September 1996. Tha detailed vacancy announcement may be obtained from the Paraonnal Division, World Mataorological Organisation, P.O. Box 2300, 1211 Geneva 2, Switzerland, quoting "Vacancy Notice No. 1391 REV". A self-addressed envelope (22.8 x 16.2cm or 9" x 6.35") should be enclosed with each request. Applications must be made on WMO Personal History Forms which will be sent with the vacancy notice.

The Inlius Bär Group recently opened a sales desk for German equities in New York. To build up this DEM equity sales deak we are looking for a highly motivated and

with 1-2 years sales experience. Interested candidates should have an established eccouot base and analytical capabilities coupled with research skills. A good team spirit is required. Spoken German would be an asset.

We can offer interaction with a highly motivated staff, a competitive compensatioo package, and an ettractive as well as challenging joh io midtowo New York.

Please seod your resume to: Bank Julius Bar (Deutschland) AG, Atm. Human Resources, P.O. Box 15 01 52, 60061 Frankfurt am Main. For further details please contact our Human Resources Dept. in Frankfurt at Tel.: +69-75696-115 or -150. All correspondence will be treated in the strictest confidence.

BANK JULIUS BÄR (DEUTSCHLAND) AG

#### CHIEF INFORMATION OFFICER (CIO)

A leading Commercial Bank in the Sultanate of Oman requires a Chief Information Officer.

#### **FUNCTIONS**

Responsible for all Information Technology (IT) related functions in the Bank includiog:

Computer Department, O&M Department, MIS, Business **Process Reengineeering, End user Training** 

The position is a senior management position, reflecting the core competeoce of the IT function in the Bank. The CIO should provide vision and leadership of the IT function as the key enabler of the bank's business and its future direction, as well as contribute in the development and delivery of the products and services offered.

#### PROFILE

The CIO should be an expert in at least one of the following three areas, with good exposure in the other two: Banking, InformationTechnology, Strategic Planning and Change Agent. He should currently be holding a senior managerial position.

Please apply, enclosing your CV, to:

P.O. Box 1611, Ruwi Postal Code 112 Sultanate of Oman

#### Business **Guru for** Software Co.

Explosively energetic business person (with mgt/acc quals) sought for oew software Co. (es shareholder) to join R&D in creating revalutionary business snftwere (for world-wide

> J Friedman 01582 696911

market)

#### RISK MANAGEMENT ADVISER, CHINA

A leading international investment bank requires a Risk Management Adviser to join their global team of advisers in London, with particular responsibility for China.

The Adviser will advise clients on (a) foreign exchange and interest risks, in particular, those associated with inward and outward investment in China; and (b) dealings generally with Chinese enterprises.

The successful candidate must have

an excellent academic background in a financial discipline to business school or doctorate level

nt least 2 years' relevant experience in e sophisticated derivatives environment

highly developed analytical/quantitative/computer skills
 fluency in Chinese Mandarin and English

 cultural knowledge of China and its business environment. Salary: £30,800 plus bonus

Written applications to: Box A5651, Pinancial Times, One Southwark Bridge, London SE1 9HL.



please eadl:

The INTERNATIONAL MONETARY FUND headquarters in Washington DC, (USA) to be

the financial accounting
 the control of transactions & operations
 the conduct of financial analysis over a wide
 field of our financial operations & policies

The selected candidate will work as a member of a team and report to the Assistant Treasurer of the Fund, responsible for financial accounting and reporting.

Minimum requirements: A postgraduate degree and professional accounting certification, together with 3-5 years of relevant work experience (in a public accounting firm and/or in a bank or financial environment). The successful candidate must have strong onalytical obilities, experience in financial reporting and proven writing skills in English. An appointment will initially be for 3 years,\* with turther career possibilities based on performance and potential.

How to apply: Curricula vitae should be submitted BEFORE JULY 26, 1996 with reference to this position, to:

INTERNATIONAL MONETARY FUND Recruitment Division, Room 159-100 700 19th Street, NW Washington, DC 20431 (USA) Teleface (202) 623-7333

#### **EQUITY ANALYSTS**

Analysts with at least two years' experience in broking or fund management who are looking for exciting oew challenges with a leading (listed) broker in a dynamic. fast-growing economy should fax a full CV as below. We will be interviewing in London in September, or in Bangkok at any time.

Head of Research Krungthai Thanakit +66 2 661 6421

#### GRADUATES For the City

Applications invited from exceptional recent or experienced graduates for 5 positioos in accelerated career programme with private firm. Contact: ROB ADAMS 0171 240 4943

CREATIVE DIRECTOR - POLISH AGENCY Mid-size independent agency in Warsaw seeks experienced art director or copywriter to serve as Creative Director on major brewery

count. Top pay and generous fringe

benefit package. Ability to speek olieh helpful, although not essential Fax C.V. to (48) 22-6510305 or mail to ESC, ul. Bartycka 22a, 00-716 Warszawa, Poland.

All enquiries strictly confidential.

#### GERMAN MARKETING SERVICES MANAGER **OFFSHORE FUNDS**

City based

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Section 5.

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Mercury Asset Management, Britain's leading independent investment house, offers a comprehensive range of offshore funds for institutional investors and independent financial advisers. We are seeking to appoint a manager to take overall responsibility for the Germanlanguage marketing support of Mercury Selected Trust, a US\$1.4bn Luxembourg-based umbrella fund. It is envisaged that the successful candidate will eventually provide the first point of contact in London for senior marketing personnel based in Germany and Switzerland.

Key elements of the role will be:

- including advertising
- E Creation of regular newsletters, product brochures, investme
- Responsibility for client service developments, including computer development and internet pages
- Depending upon strengths and experience, potential responsibility for: institutional sales presentations, product

development, market research Please send your curriculum vitae with a hand written covering

letter to Elizabeth Williamson, Shepherd Little & Associates

Ltd., Cleary Court, 21/23 St Swithin's Lane, London EC4N 8AD. Telephone: 0171 626 1161 Fax: 0171 626 9400 All replies will be treated in the strictest confidence.

Marcary Asset Management pic is regulated by B4RO

**FINANCIAL** 

**DIRECTOR** 

#### The ideal candidate will:

- Management of German-language promotional initiatives. Be a German native speaker or have fluent German. French would be an advantage but is not essential
  - Have relevant experience either in investment or marketing services and demonstrate an interest in economic/investment issues
  - # Have proven creative, accurate writing skills as well as excellent interpersonal skills. The ability to work under pressure and to be a self starter is essential
  - m Be adaptable, enthusiastic and keen to work in a changing





**ACCOUNTANCY APPOINTMENTS** 

#### **DIRECTOR OF TECHNICAL DEVELOPMENT & PROMOTION**

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

#### LONDON

- The Institute wants to strengthen its contribution to the long-term value of accountancy, in order to underpin the future success of its members.
- · Following the retirement of the incumbent Technical Director, a new position is being created: Director of Technical Development and Promotion. The appointee will report to the Secretary and Chief Executive and head teams totalling 30 people.
- Primary challenges will be to implement the Institute's strategy for technical excellence; position the Institute as the leading source of authority and intellectual innovation in the main branches of accountancy, ensure that activity is directed towards maintaining the relevance and excellence of the profession in support of members and that results are promoted effectively to the appropriate audiences; and take a leading role in representing the Institute externally.

Please apply in writing quoting reference 1198 with full career and salary details to: Nigel Bates Whitehead Selection Limited 11 Hill Street, London W1X 8 Tel: 0171 290 2043

#### NEGOTIABLE SIX FIGURE PACKAGE

- FCA, probably aged 40-55, candidates will have held a leadership role within a professional, client focussed organisation, not necessarily a firm of Chartered Accountants, and will bring an established reputation for the promotion and development of service executionce. While candidates must be technically strong, it is not essential that they currently hold a specialist technical position
- Important personal qualities include first-class leadership and organisation skills, the ability to inspire and motivate, a high level of drive and enthusiasm, welldeveloped communication skills and a distinct customer service orientation. A record of successful handling of the media and public speaking will be essential...
- This is a high profile role with a clear development emphasis, offering scope to make a visible personal contribution.



#### The Company

Our client is a dynamic and expanding business that forms part of a highly successful group of companies. Operating within an aggressive and fast moving market place, where customer service and price competitiveness are imperative, the company continues to exceed ambitious business targets. Medium term objectives are for a stock market flotation and future global status.

#### Responsible for all aspects of company finance at both operational and

- The Role
- strategic levels. Reporting directly to the Managing Director. Proactive contribution to the achievement of corporate objectives in the development of both, turnover and profit through continual improved efficiencies and the organised growth of the business.
- Ensure that all key operational and strategic decisions are financially and commercially driven, thus contributing to principal corporate objectives.
- Promotion of financial and commercial awareness across all disciplines and at all levels, ensuring that a 'customer-led' focus is predominant

#### **Midlands**

#### The Appointee

- \* The successful appointee will undoubtedly be a high achiever with excellent strategic and operationally based finance skills, coupled with first class business acumen. This will be evident from a demonstrative track record to
  - date, gained within competitive and customer-led environments. Able to initiate, develop and implement own ideas with an emphasis upon efficiency, effectiveness and commercial viability.
- Must possess professional credibility in order to succeed in all aspects of professional communication, both to internal and external markets.
- Will have the ability to Initiate rapid growth and change

Havs Executive STRATEGIC SEARCH & SELECTION

To apply please write enclosing your cv and current salary details together with a covering letter detailing your relevance to this role to Allan O'Neill at Hays Executive, 188-190 Spon Street, Coventry, CV1 388. Fax: 01203 630962.

#### GROUP FINANCIAL CONTROLLER

CHANGE ROLE FOR COMMERCIAL ACCOUNTANT

MIDLANDS

c. £70,000 + BONUS + BENEFITS

- Recent restructuring of this £900 million turnover diversified international group has resulted in a more focused portfolio of businesses which are to form the basis for ambitious expansion plans. Last two years have seen significant turnover and profits growth, with the elimination of loss making businesses and a renewed emphasis on operating margins.
- High profile role working closely with the Group Finance Director and a key member of the small senior management team that determines the shape and direction of the business.
- Strong change management focus covering review of existing corporate structure, management reporting, financial controls and systems implementation, in addition to responsibility for statutory reporting, policies and procedures, budgeting etc.
- · Probably in your early-mid thirties, with a good
- degree and accountancy qualification. Experience will ideally include a 'Big Six' firm and exposure to a manufacturing environment - although this is not a prerequisite.
- Currently working at a senior level within the profession or in Industry, must be able to demonstrate a good track record of career progression and a broad commercial outlook, as well as strong technical accounting skills and a high degree of computer
- Personal qualities should include an outgoing nature and strong communication skills. Resilient and good under pressure, with the drive and ambition to progress to a more senior level within the Group.

Please apply in writing quoting reference 1195 with full career and salary details to: Susan Ryder
Whitehead Selection Limited
II Hill Street, London W1X 888 Tel: 0171 290 2043 http://www.ghnet.co.uk/whitehead



#### DIRECTOR OF FINANCE

INTERNATIONAL CLIENT SERVICE ORGANISATION

LONDON

c.\$55,000 + BONUS + BENEFITS

- Established over 200 years ago, this: professional organisation has grown to 50 offices world-wide with longer term plans for wholly-owned offices in every major business centre.
- In line with the ambitious development plans, the organisation needs a high calibre Director of Finance who will both raise the quality of management information and assist with strategic development.
- The Director of Finance will work closely with the Chief Executive and provide high level
- people skills.
- support to the full management team.

ase apply in writing quoting reference 1197 with full career and salary details to:

Nigel Bates head Selection Limit

11 Hill Street, London WIX 8BB

Tet: 0171 290 2043

http://www.gbnet.co.uk/

Excellent package

30s, whose personal qualities allow him/her to function effectively in a highly decentralised environment made up of international offices from six to 110 people across a variety of national cultures.

A qualified accountant, probably aged mid-

- He/she will be a 'hands on' financial manager capable of achieving excellence by coaching and persuading rather than simply by dictating, and must therefore have particularly strong
- Subject to performance, the successful candidate can expect to be offered a seat on the board after a reasonable period.

Whitehead

With 48 commercial investors who have already committed in excess of US\$1.5billion, our client is a pioneering global telecommunications enterprise. Their vision is to introduce one affordable, portable personal communication facility worldwide. The company has already invested heavily to make their goal a reality. They now require a senior treasury professional to play a leading role in future funding initiatives.

- Report to the CFO and lead the development of a strategic and operational treasury function.
- instigate further financing initiatives for the group involving complex structured transactions. Interface regularly with commercial investors and the banking
- community as part of the capital raising process. ■ Conduct day-to-day treasury operations Including cash management and projections, currency and interest rate
- exposures. ■ Provide broader financial and strategic input into the development of this pioneering venture.

The Requirements

- Graduate ACT, ACA desirable, with significant international treasury experience with aspirations for a broader senior management role in the medium term. Proven track record of negotiating complex structured
- Energetic, self-motivated individual with a 'hands on' pragmatic approach to work.
- Ability to create an immediate personal impact through first class entation and interpersonal skills, the successful candidate will demonstrate a strong problem-solving and enquiring mind.

■ International in orientation, preferably with a second language.

Relocation assistance available. Please send your CV with current salary details to: Fiona Jobson.

K/F Associates, 252 Regent Street, London WiR 6HL.

quoting ref: 90081/A. Alternatively send by fax on 0171 312 0020 or e-mail to cv@kfaeurope.com

Internet Home Page: http://www.kfaeurope.com/kfaeurope/

K/F ASSOCIATES

EGENIPTREY CARRELOGBAN INTERNATIONAL

Hardy Oil & Gas plc

London

**Group Treasurer** 

Bardy Oil & Gas is one of the UK's leading independent exploration and production companies with a market capitalisation of more than £250 million and operations on three continents. The last year has seen a significant reshaping of its asset portfalio and balance sheet. A Treasurer is now sought to join the focused and dynamic new management team that is revitalising and growing this international oil and gas Group.

Working closely with the Group Finance Director as an integral part of a small head office team. Responsible for building a proactive treasury function capable of supporting a full range of corporate development activities.

■ Take the lead in funding a series of substantial

capital projects and in all major re-financings.

Key communications role with principal banks and

institutions. Specific responsibility for debt funding,

foreign exchange, cash management and insurance.

Ambitious, bright graduate MCT with public debt market experience ideally gained in an international group with a significant capital investment

THE QUALIFICATIONS

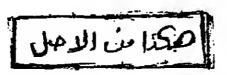
Innovative but pragmatic with the confidence and communication skills to build close and productive relationships with a broad range of commercial banks. Sound understanding of debt financing.

Energetic and enthusiastic with the ability to respond quickly, often under considerable pres Committed hands-on style. Attracted by the opportunity to work in a high quality, meritocratic team environment.

Leeds 0113 2307774 London 0171 493 1238 Manchester 0161 499 1700

Selector Europe Spencer Stuart

Please reply with full details to: Substant Europe, Rad, 12107006as, Addington Court, Greentowth Stat Styal Road, Municipal ELES SLG



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Whitehead

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#### CHIEF INFORMATION OFFICER (CIO)

A leading Commercial Bank in the Sultanate of Oman requires a Chief Information Officer.

#### **FUNCTIONS**

Responsible for all Information Technology (IT) related functions in the Bank including: .. wei a

Computer Department, O&M Department, MIS, Business Process Reengineeering, End user Training

The position is a senior management position, reflecting the core competence of the IT function in the Bank. The CIO should provide vision and leadership of the IT function as the key enabler of the bank's business and its future direction, as well as contribute in the development and delivery of the products and services offered.

#### PROFILE

The CIO should be an expert in at least one of the following three areas, with good exposure in the other two: Banking, InformationTechnology, Strategic Planning and Change Agent. He should currently be holding a senior managerial position.

Please apply, enclosing your CV, to:

P.O. Box 1611, Ruwi Postal Code 112 Sultanate of Oman

## **NETHOLD**





Nethold is a leading, international pay-television group active in more than 50 countries in Europe, Africa and the Middle East. Nethold serves more than 2.7 million premium subscribers. This industry is characterised by rapid expansion, expectations of a significant role for electronic media platforms in the future world economy, globalisation and high values for leading operators. Nethold was the first company to launch digital relevision in Europe and Africa and has a mission to become a worklwide market leader. An opportunity now exists for a highly motivated, creative professional with the following skills:

## **Financial Controller**

#### Amsterdam Responsibilities and tasks:

#### ...media opportunity...

#### **Excellent Salary Package**

- Profile of the suitable candidates
- In charge of reporting financials to management and shareholders on a monthly, quarterly and annual basis.
- ting the Group consolidation of actual results, budgets and
- quarterly forecasts.

  Adhoe tasks such as participating in due diligence processes.

  Managing a small qualified team.

  Beinging structure to a fast moving/growing environment.

  Quickly assessing and understanding the key issues critical to the
- operations in all regions of the company's activities.

  Understanding and interpreting trends and issues and analysing the sensitivities and quality of the information.

  Establishing and maintaining good relationships with local controllers and

- Excellent interpersonal skills and an outgoing personality.
   Must be flexible and enjoy working in a changing, dynamic environs

· Preferably a qualified accountant, with five years or more working

experience which may have been gained in a media or consultancy

- Stress resistant, with the energy, stamina and lifestyle to cope with sustained pressure and stay calm in a crisis.
- Must be interested in people and able to motivata them to give information. Should be an individual who enjoys continually stretching their ability.
- · Possessing charisma, liveliness and a sense of fun-
- Creative and enthusiastic with an empathy for the media environment.

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FINANCIAL CONTROLLER & COMPLIANCE OFFICER

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For further details and an application form please contact Personnel Services, Kingsway College, Grays Inn Centre Sidmouth Street, London WC1H 8JB. Telephone 0171 306 5713

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For information on Appointments Advertising please contact

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## Htr: Finance Director

West London

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£45,000 - £50,000 + Benefits maintaining adequate controls over the financial

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Please send a full CV in confidence to GKRS at the address below, quoting reference number 567) on both letter and envelope, and including details of

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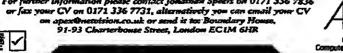
worked in one of these areas and be able

Our client, one of the largest and most successful International Merchaut and Investment Banking concerns is currently developing a number of new applications within their Treasury and Capital Markets on, and require an experienced Business Analyst

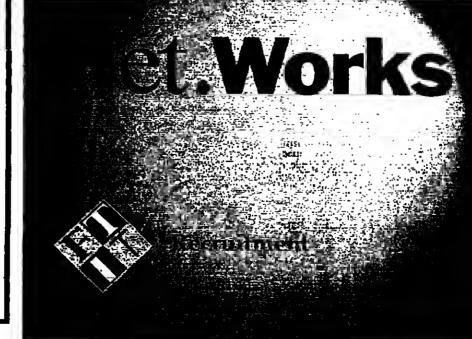
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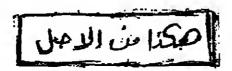
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Friday August 2 1996



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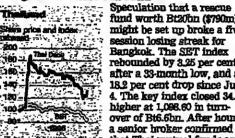
#### IN BRIEF

lons

#### Media groups to redefine alliance

entertainments conglomerate, and Canal Plus, the French commercial television channel, are seeking to redefine their alliance after the launch this week of DF1, the digital television channel owned by the Kirch group and Mr Rupert Murdoch's BSkyB.

Shanghai International falls further Shares in Shanghai International (HK), the Hong Kong listed arm of China's biggest securities company, fell further after the company said it had scrapped plans to huy Sun Hung Kai Securities, one of the territory's oldest brokerages.



Speculation that a rescue fund worth Bt20hn (\$790m) might be set up broke a five session losing streak for Bangkok. The SET index rebounded by 3.25 per cent after a 33-month low, and an 18.2 per cent drop since July 4. The key index closed 34.56 higher at 1,088.60 in turnover of Bt6.6bn. After hours,

that Thai mutual funds and local finance companies had agreed in principle to set up a support fund. Financials and securities stocks, which had underperformed a little during the July setback, recovered 3.4 per cent, slightly above average. That Dann Bank came back from a three-day suspension, having announced an equity funding plan on Wednesday, and the shares rose Bt9 to Bt136. Page 30

Oilvetti chief sees deeper alliances Mr Francesco Caio, Olivetti's new chief executive said the trend in the information technology sector is increasingly towards deeper partnerships and alliances. Page 15

Portugal Telecom primes stake sale Portugal Telecom, the part-privatised Portuguese operator, has started a process that could lead to the sale of a stake to a large telecoms company such as Stet of Italy or Deutsche Telekom. It appointed Deutsche Morgan Grenfell, the invest-ment banking subsidiary of Deutsche Bank, and Arthur D. Little, tha telecoms industry consultant to advise on alliances and other elements of its strategyi Page 15

Sainsbury takes full control of Homebase J. Sainsbury, the UK supermarket group, is to take full control of its Homebase DIY subsidiary by buying 25 per cent of the unit from GIB, Belgian's biggest retailer, for £77.5m (\$119m). The deal involves a cash outlay of £65m and the repayment of a £12.5m paid £250,000 for its stake when Homebase was set up in 1979. Page 16

panies in this issue

Advanz	6	Krupp Stahibau	
Altied Irish Benks	16	Lasmo	1
America Online	14	Miguei Zaragoza	1
SHF-Bank	15	Olivetti	15
Bertelsmann	15	Orascom	
Bealx	6	Portugal Telecom	15
Boeino	1, 12	Rockwell	1, 1
CIC	15, 1a	Royal Bank	10
Canal Plus	15	Royal Dutch/Shell	16, 1
	12	SBC Westurg .	10
Crédit Lyonnais	1a	Sainsbury (J)	1
EVC		Shanghai Inti	1
EasyJet	6	Shell	1:
GAN	15, 18	Stemens	•
Grundig	15	Sticon Graphics	. 13
Henderson TR	16	Soi Mellá	1
James Hardie	14	Sun Hung Kaf Sec	14
KLM	е	TT	16, 1
Keplt	16	TR European	18
Kleinwort Benson	16	Western Ades	1
<b>Market Statistic</b>	:5	http://www.	FT.com
Annual reports service		FT-SE Actuaries indicas	26 19
Benchmark Govt books	18	Foreign eachenge Citis prices	18
Sond tutures and options Sond prices and yields	12	London share service	24,25

Managed funds service

#### By Jenny Luesby and Patrick Harverson in London

Royal Dutch/Shell yesterday said it hoped to agree within nine months a polyester alliance that would lift its underperforming

OTHE FINANCIAL TIMES LIMITED 1996

The group's three-month profits of £1.18bn (\$1.84bn), on a replacement cost of supplies basis, were down 8 per cent from £1.28bn last time, and fell short of analysts' forecasts of about The group blamed the second-quarter decline on sharply lower

"At this stage in the cycle, chemicals is clearly struggling," said Mr John Jennings, chairman. In addition, the negative impact of currency movements cost the group a further £50m, he

from higher oil prices and improved profits from exploration, production, refining and marketing, which were achieved in spite of intense competition in pump prices in the UK. Nonetbeless, second quarter

sales rose 13 per cent to \$27.4bn, and the decline in second-quarter margins followed a record-breaking first-quarter performance. leaving the group's half-year profits up 15 per cent at £2.93bn. In spite of this rise, the group failed to meet its targets for return on capital employed in all but one of its businesses in the year to the second quarter, it said. In chemicals, a 12-month return of 7.6 per cent compared with a long-term target of 10 per

Mr Henk Nijeboer, head of finance in the chemicals busi-ness, said the action would include a number of alliances.

notably in polyester. The precipitous fall in polyester prices was the main reason for the decline in ICI's profits last week. It has also affected Shell, which is a big producer of PET, the polyester plastic that is used

to make bottles.

In Europe, Shell has 13.7 per cent of the PET market. However, unlike ICL it does not make producer with a view to forming

an alliance.
This link would help the group cut costs through integrating its production, said Mr Nijeboer, who suggested that Shell was hoping to clinch a deal within the next nine months. He would not say who the

company was talking to but pos-sible candidates include Amoco. the world's largest producer of PTA, as well as ICI or Hoechst. Shell shares closed down 11½p

Lex, Page 12; Weak chemicals,

## sell CIC to single purchaser

France to

government The French yesterday formally launched the sale of Compagnie Financière do CIC, the country's second-largest state-controlled bank after Crédit Lyonnais. Under the privatisation decree, GAN, the state-owned insurance

GAN, the state-owned insurance group, will sell off 67 per cent of the shares and voting rights.

The sell-off, likely to be completed by the end of the year, will be a trade sale to a single buyer rather than a public offering, and will be conditional on the purchaser agreeing to a number of conditions.

The approprement ends specu-The announcement ends specu-lation over the bank's future.

Late last year, Mr Jean-Jacques Bonnaud, GAN chairman, said a stake in CIC would be sold to belp support the lossmaking insurer's needs for funds. The proceeds should bring it back to break-even after losses of FFr1.8bn (\$360m) in 1995.

A number of analysts suspect lt will be difficult to sell the

group as most of its activities are in the depressed domestic French banking market. However, one participant in the nego-tiations said yesterday that the privatisation process was under way because about eight potential buyers were seriously inter-

CIC is the holding company for group of 12 regional French banks, and also has controlling stakes in specialist financial institutions. It reported profits last year of FFr625m, and the value of the group has been put at FFr13bn-FFr14bn.

The conditions for a purchaser of CIC are expected to include a requirement to maintain its identity, not dismantle the group and to ensure that GAN can maintain the exclusive right to sell its life insurance products through the network - which generated FFrs.6bn for the insurer last year.
Mr Bonnaud had originally

hoped to retain a majority of CIC's shares or at least a third of the shares as a blocking minority, but the sale will leave GAN with only 26 per cent of the votes.

However, the purchaser is likely to be asked to sign a formal pact obliging it to seek GAN's approval for fundamental

changes in policy.

J.P. Morgan, the US investment bank, is acting as adviser to move more slowly on this, said The company also announced on the CIC sale for GAN, and its intention to dispose of its flex-Warhing on behalf of the French

## Shell seeks alliance to lift chemicals

chemicals business, as it reported disappointing second-quarter results depressed by the down-turn in chemicals.

A nother Friday; another anxious wait for world financial markets. The

US non-farm payroll figures will

tially dramatic effects on equity

In March, a 705,000 increase in

the payroll convinced investors

that the US economy was grow-ing strongly. The data raised doubts that the Federal Reserve

would cut interest rates further,

prompting the long Treasury bond to fall three points and the Dow Jones Industrial Average to

Then, last month, a 239,000

increase in employment - much

greater than the markets expec-

ted - sent the Dow tumbling nearly 115 points and the 30-year

Treasury bond down two points.

as investors speculated that the

Fed would act to raise rates.

World financial markets, infinenced by the prospects for US interest rates, fell in response.

So what makes the non-farm

payroll such an important statis-

ttc? According to Mr Michael

Hughes, global strategist at Bar-clays de Zoete Wedd, "non-farm

payroll numbers hava a reason-

abla correlation with gross domestic product growth. There is a rule of thumb that a rise of

200,000 a month equates to 3 per cent GDP growth. So a rise of 365,000 in May and 239,000 in

June points to a very strong economy." Yesterday's announce-

ment of a 4.2 per cent annualised

rise in second-quarter GDP bears

out his point. With unemployment at 5.3 per

cent, its lowest level since the

peak of the last cycle in 1990, the

US economy may be close to its effective capacity. Any further rise in employment may create

and lead to inflationary pres-sures. That might force the Fed

drop 171 points on the day.

and bond prices.

Dates that sparked mood swings

earnings from the chemicals businesses, which fell to £184m

These setbacks offset gains

Magic numbers

markets alight

Much may also depend on the stage of the economic cycle.

When an economy has been

growing for some time, investors

and central bankers will be con-

cerned about inflationary indica-

tors; an economy in recession

ticular economic measure can

increase market volatility, espe-

cially when, as with the non-farm payroll data, the figure appears to he both highly erratic and

Markets are nervous at the

moment because the long bull market in US equities has

appeared to run out of steam in recent weeks. That bull market

has partly been fuelled by low

interest rates and a sense that the inflationary problems of the 1970s and early 1980s are unlikely

to return. A brief flare-np of infla-

tionary concerns in early 1994, when the Fed started the last

cycle of rate rises, caused turmoil

in world markets; investors are

So, with their customary indif-

ference to the concerns of people

in the real economy, the markets

will be hoping relatively few US citizens lound jobs last month.

The consensus forecast for the

data is around 180,000-200,000; a figure wildly divergent from that will set the markets alight.

Philip Coggan

anxious not to see a repeat.

prone to significant revision.

will prompt a focus on growth. Excessive attention on any par-

that can set

to raise rates substantially. Furthermore, Mr Keith Skeoch, chief economist at HSBC James

Capel, points out that the payroll

data "comes early in the month

and is one of the first indications

of the likely strength or weak-ness of the economy". Yester-

day's purchasing management survey pointed to a slowing in

the growth rate hnt with the

Fed's open-market committee

(the forum that decides interest rate policy) due to meet on August 20, today's data could decide whether rates will rise

nvestors' obsession with the

payroll data is recent. Back

in the early 1980s, it was the

weekly US M1 money supply

number that caused markets to move sharply; nowadays the fig-ures pass without notice. In the

mid-to-late 1980s, attention shifted to the US budget and

trade figures at a time when the "twin deficits" were seen as bold-

In part, this shift in emphasis

reflects the changes of focus at the Federal Reserve. If the Fed is

watching monetary data closely,

as it was under former chairman

Mr Paul Volcker, then it makes

sense for the market to use

money supply figures as the best

indicator of likely interest rate

ing down the dollar.

bottlenecks in the labour market and lead to inflationary pres-sures. That might force the Fed important guide to the Bundes-

#### cent. However, the group was taking steps to improve this per-PTA, the raw material for PET, US payroll figures, due today, will be scrutinised **PVC** price slump

#### By Jenny Luesby in London

EVC, Europe's largest producer of PVC, yesterday said the value added in producing the plastic, used mainly in construction, had hit a 10-year low in the first half, leading to a sharp reversal in the company's results.

and chief executive, said he could not recall a time when the differ-

announced a pre-tax loss of Fl 4.9m (\$3m), compared with a profit of FI 181.1m in the first six months of last year, on sales down 30 per cent at Fl 1.02bn.

Three-quarters of tha sales declina came in tha group's PVC business, where falling prices cut sales by 32 per cent, and declin-ing demand by a further 6 per

European PVC capacity was now running more than 15 per cent ahead of demand, the company said. The imbalance had pressure. This had been exacer-bated by price falls in Asia, the plastic's main export market.

ola said government efforts to meet Maastricht targets had seen public works programmes pared back. This had a direct impact on PVC sales, he said.

The company expected little

## takes the shine off EVC results it had re-acquired an ICI plant in Runcorn, Cheshire, which pro-duces VCM, the raw material for

PVC, for £1. The purchase was

the first step in a £60m invest-

from EVC, also for £1, following

EVC's decision to close it. 1CI

wanted to maintain minimal out-

EVC said it had now decided to revamp and expand the plant to

produce 300,000 tonnes a year of VCM, compared with 180,000

tonnes today. However, there

would be no net increase in the

amount of VCM it produced fol-

lowing the Runcorn expansion. It had decided to close its Hill

House plant, which employs 90.
Hill House had been more effi-

cient than Runcorn, but ICI's

withdrawal from the Hill House

site, which involved the closure

of energy and steam generation facilities, had increased its costs.

EVC also planned to close a plant in Sardinia. The concentra-

tion of production would consid-

The company also announced

several other moves to cut costs. It had undertaken a refinancing

programme, which had seen a

new Fl 350m multi-currency

credit facility agreed in June,

with an average maturity of six years. In the past 10 days it had also agreed a £60m private place-

At the same time, it had repur-

chased 2 per cent of its shares. It

bad authority to repurchase a

further 3 per cent, but expected

needed elsewhere.

ment programme, aimed at cut-ting costs. ICI bought the plant Mr Ettore dell'Isola, chairman put to produce a by-product

ential between input prices and output prices in the PVC industry had been as low. As a result, the company

Commenting on the weakness of European demand, Mr dell'Is-

improvement in the second half. However, it was hopeful that signs of recovery in the UK might mark the beginning of a wider European recovery, which would lift PVC demand and prices next year.

The group also announced that

#### ible films husiness.

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ment in the US.

Mr dell'Isola

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## Silicon Graphics chief quits for big challenge in smaller group

By Tom Foremski in San Our Financial Staff in London

The president and chief operating officer of Silicon Graphics, the US computer workstation mannfacturer, is leaving after 10 years with the company.

Mr Tom Jermoluk said he was leaving Silicon Graphics because it had grown too large and he preferred the challenge of helping a small company grow. Mr Edward McCracken, chiaf

executive, is to assume Mr Jer-moluk's duties. The announcement came as the company released better-than-expected fourth-quarter results. Silicon Graphics has maintained a stable workforce in an

industry where annual turnover

of 30 per cent is common. How-

ever, recently the company has

lost hundreds of engineers, and aome executives, to small start-up companies.

Mr Jermoluk is taking up a similar position with @Home, which is developing a system to offer consumers fast access to the Internet through cable modems.

The fourth-quarter announcement was made late on Wednesday after the close of US stock markets. A \$102m charge connected with the purchase of Cray Research, the supercomputer maker, resulted in Silicon reporting a loss of \$48.7m, compared with a profit of \$52.7m a year ago when there was a \$22m mergerrelated charge. Stripping out the charge, it made a profit of \$81m in the latest quarter.

Sales in the quarter were \$220m, up 26 per cent on the cor-responding period last year. For the full year, the company

made a net profit of \$244.89m. compared with \$224.86m a year earlier, on revenues of \$2.77bn against \$2,23bn Earnings per share rose from \$1,28 to \$1.39.

Mr McCracken sald tha increase in sales was helped by the introduction of a family of workstations based on a highperformance 64-bit microprocessor. He said the company was able to meet the challenge of failing prices for computer workstat-"Our solid momentum in core

markets and accelerating growth in emerging markets, like the Internet, position us to take full advantage of the opportunities ahead," he said.

Mr Robert Saltmarsh, Silicon Graphics' vice-prasident of finance, said fiscal 1997 sales and profits would grow about 25 per

## James Hardie sees no improvement

James Hardie, the Australian building materials group, yesterday warned it would probably see no improvement in profits in the current financial year to end-March. The warning follows a sharp fall in the 1995-96 results against the previous 12 months.

At the annual meeting, Mr Alan McGregor, chairman, remained upbeat about the company's fibre cement business in the US. Noting the current expansion of capacity, he said that the group expected "continued strong growth in fibre cement side with sales up 60 per ceot on the past financial

But he warned that group profits overall would be "severely affected" by the depressed housing market in Australia. After the 30 per cent decline last year, be said that a further 10 per cent fall was expected this year.

"With home building continuing to fall, James Hardie's operating profit for the current year is not likely to improve on the result for the year to March 1996." In that period, Hardie made A\$32.2m (US\$14.9m) after tax, down from A\$74.6m in the previous 12 months.

#### Brazilian brewer in ADR issue

Cervejaria Brahma, Brazil's biggest brewery, yesterday launched a Level 1 American Depositary Receipt (ADR) programme. Each ADR represents 20 of Brahma's preferential shares. The programme involves no new share issue, as Level 1 ADRs represent shares already issued in the home country. Brahma said the issue was designed to increase liquidity in Brahma's shares by making them available to new investors.

"There are many mutual funds in the US that are prohibited from investing directly in Brazil," it said. "The programme will enable us to increase our shareholder base." The ADRs were available to investors yesterday, although the company said it was too early to judge the market's initial response. The issuing bank in the US is the Bank of New York: custody in Brazil will be held by Banco Itau, Brazil's

Jonathan Wheatley, São Paulo

#### Thai oil and gas reserves up

Successful exploration programmes in the Thai-Malaysian Joint Development Area, an offshore petroleum site located in the Gulf of Thailand, have pushed up by 42.1 per cent the probable natural gas reserves held by PTTE&P, the exploration and production subsidiary of the state-owned Petroleum Anthority of Thailand, and probable oil reserves by 14.5 per cent in the past six months.

The company's proven reserves remain steady at some 3,000bn cu ft of natural gas and 50.6m barrels, in spite of production of 30.4bn cu ft of gas and 1.5m barrels since the beginning of the year.

Ted Burtlacke, Bang

#### Coal & Allied in red at midway

Coal & Allied Industries, the Australian coal mining group which is controlled by RTZ-CRA, the Anglo-Australian resources company, announced yesterday it incurred a A\$4.6m (US\$3.6m) loss after tax in the six months ended June 30. This

compared with a profit of A\$14.7m in the first half of 1995. The company said that production for the six months was 3.9m tonnes – well down on the 4.8m tonnes seen a year ago although sales were slightly higher at A\$275.8m against A\$250.7m. It added that any improvement in the second half would depend on an increase in production at its Hunter Valley and Mount Thoriey mines.

New Jones

## Chinese securities house scraps planned HK buy By Louise Luces in Hong Kong holder, sought regulatory value since the sall-

in Hong Kong

Shares in Shanghai International (HK), the Hong Kong listed arm of China's biggest securities company, fell further yesterday after the company said it had scrapped plans to buy Sun Hung Kai Securities, one of the territory's oldest brokerages.

Talks were temporarily broken off last week as Shenyin & Wanguo, Shanghai Internationholder, sought regulatory value since the talks were albeit one facing increasing approval from Beijing. Hong suspended last Friday, yester-international competition. Kong brokers said the company, in an attempt to avoid red tape, may have hoped to present Beijing with a fait accompli on the deal.

But in a statement published yesterday the company said: After having reviewed the situation, the board believes that it is in the interests of the company to terminate negotiations on the proposed acquisition." Shares in Shanghai International, which have been losing

suspended last Friday, yester-day shed a further 2.86 per cent to 68 cents. Sun Hung Kai & Co, the listed company which own Sun Hung Kai Securities, saw its share price unchanged at HK\$2.525. Yesterday the financial services company also announced the resignation of Mr Yip Lai-shing, executive director and founding member.

The planned takeover would have seen a mainland entity take control of one of the territory's biggest local brokerages,

However, brokers do not view Benjing's refusal to sanction the takeover as a signal that mainland Chinese business expansion in Hong Kong is slowing.

Many believe Beijing may simply be exercising prudence in blocking the deal - believ-ing that Chinese brokerages. fresh from debacles at home may not be ready to tackla the Hong Kong market with its sophisticated range of deriva-

Sun Hung Kai & Co is likely to remain in the spotlight fol-lowing the failed deal. It has

already acquired a new controlling shareholder, the Allied Group, which in May took a 33 per cent stake for HK\$743m (US\$96m). The Allied Group, whose interests span finance, property and manufacturing, was the subject of a long regulatory investigation in 1993, and while its chairman, Mr Lee Ming-tee, has since resigned

Other possible buyers

include Asian securities house looking to capitalise on the established name and client base, or possibly a property developer. Among the names being mentioned is Henderson Land Development whose founder, Mr Lee Shau-kee, co-founded the company from which Sun Hung Kai & Co emerged. Analysts estimate the cost of the securities house at about HK\$400m-HK\$500m. menti stressi

## Western Atlas finds a niche as a global force

With the enthusiastic Alton Bran at the helm, the Litton spin-off has gone from strength to strength

self-confessed technol-ogy enthusiast, Mr Alton Brann used to spend his time working on ballistic missile guidance systems and "Star Wars" space weap-onry. He now has a more with subterranean seismic analysis for oil and gas companies, and automated prodoction equipment for the world

car industry.

Mr Brann, formerly chairman and chief executive officer of Litton Industries, the US defence equipment company, now has the same title at Western Atlas, the California-based oil services and automation business which was once part of Litton. It was spon off from its parent in 1994 as part of the vogue towards "corporate

Mr Brann, who joined Litton as an engineer in 1973, decided to leave the bigger company for the offshoot - which is separately quoted on the New York Stock Exchange because "it was more of a chal-

Two years on, he has no regrets. Western Atlas, he says, "is firing on eight cylin-ders", with earnings per share having risen about 15 per cent e year since the demerger. Net earnings for the six

months to June 30 were \$52.5m, up 20.6 per cent on the \$43.5m in the equivalent period Of Western Atlas's \$2.2bn

sales last year, just over half were from outside North Amer-

70 countries.

The mathematics-trained Mr

Brann - who while at Litton and in earlier jobs worked on a succession of missile projects including Polaris and Trident - says the "unbundling" has permitted Western Atlas to focus on its two most important business areas. However, he cheerfully confesses there are "no synergies" between

About 55 per cent of its revenues come from oil services - including seismic analysis, where it claims to be tha world's biggest company, ahead of rivals such as Schlumberger, and accounting for about 30 per cent of the \$2.5bn-a-year global market. Seismic analysis is used

energy companies to look for geological features in the earth's crust which can indicate oil or gas

The work requires heavy investment, both in equipment and technology. Western Atlas spends some \$200m a year on new capital equipment in this part of its business, including continual updating of its fleet of 16 seismic-monitoring ships, which can carry out detailed analysis of areas such as the North Sea and Gulf of

Between 5 per cent and 10 per cent of turnover in the oil services part of the company is ploughed into research and development, including heavy spending on new sensors

ica, where it operates in some needed to discover tiny fis-70 countries. needed to discover tiny fis-sures in the earth's crust that on the computer techniques required to unscramble the masses of data from the

Western Atlas is also investing in a new technology called "ocean bottom cabling", in which rather than using ships, suboceanic regions are surveyed remotely by sensors spread out along the sea surface - a particularly useful technique in congested areas where use of surface vessels is limited by shipping lanes or oil

Mr Brann says the high spending is necessary to keep ahead of competitors, and makes sense in an area where market demand is growing at 10 per cent a year, with customers seeking continual improvements in survey accuracy and speed.

f tha 45 per cent of Western Atlas's revennes coming from automation, about one-third comes from "automatic data capture", in which the company offers services in areas such as keeping track of parts consignments and storage in warehouses and factories, through use of computers and bar-code labels. The remainder comes from making complex "transfer lina" machining systems, mainly for the world's automotive industry.

In both these sectors the company is a world leader. It is Lewis.



Alton Braun: left Litton to head Western Atlas because "it was more of a challenge"

among the top three (behind the US companies Siebel and Telxon) in data capture systems, and holds a similar position in transfer lines, where it has production sites in the US, the UK and

Germany. The machining operations associated with these lines, which can cost up to \$300m a system, maka Western Atlas the second-biggest machinetool company in the US, after Wisconsin-based Giddings &

tion of having an order backlog (which should be met over the next 18 months to two years) of some \$500m, a result of big planned investments by automotive customers around the

Some 80 per cent of orders come from North America, but there are large contracts from China and Russia.

Although the automotive industry is notoriously cycli-cal. Mr Brann says the immedi-

ate proapects for this part of his business are promising. "Things are looking good in 1996 and 1997," he

As for technology, Mr Brann has lost little of his enthusiasm. On a recent trip to Europe, he was keen to try out the latest seismic sensors on a North Sea cruise around the Shetlands, aboard the Monarch one of Western Atlas's latest



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## Mexico group opens LPG site in Peru

Migual Zaragoza. distribution plant for liquefied petroleum gas near Lima's port of Callao. Zeta Gas Andino, as the Lima-based company is to be known, is tha 50-year-old Mexican group's first venture

into South America. In its first phase of operations, Zeta will import LPG from Pemex, the large Mexican state-owned petro-

privately-owned Mexican fields by a Shell/Mobil consorfor Camisea LPG.

Zeta's high-tech plant comprises six spherical "pressure als" with combined capacity to store 12,000 tonnes of butane and propane. This represents a 120 per cent increase in national capacity for LPG storage, and the first challenge to the long-standing monopoly

leum group. But with prospects for development of Peru's which is in the process of another \$50m in Peru over the
the larga Camisea natural gas being privatised.

\*\*Rolls Larga Camisea natural gas being privatised.\*\*

\*\*This may\*\*

\*\*This may\*\* Mr Alfredo Gonzalez, Zeta include distributing LPGs by

group, yesterday unveiled a tium looking increasingly chief executive for Peru and road and rail tankers to Peru's \$47m reception, storage and likely, Zeta may be trans- South America, said the Zara provinces. Zeta is also looking goza investment had originally been intended for Argentina. But a combination of factors including political and social stability, sweeping deregu-lation, high GDP growth, a strategic geographical position and the prospect of Camisea -had attracted the Mexican

group to Peru. The company expansion plan at another South American The investment underline

the opportunities for swift expansion of the Peruviar domestic market for LPG. Cur rent annual consumption is a low 4 kg a head - most lower income Peruvians use kerose for cooking - compared with 80 kg in Mexico.

#### America Online set for NYSE

America Online, the fastest growing online information service for personal computer users in the US, is planning to move its listing from the auto-mated Nasdaq stock market to the New York Stock Exchange.

The move comes at a time of high volatility among some Nasdaq stocks, including America Online, and the company said that avoiding such volatility was among its motives for making the move. Other considerations included access to information about who is buying and sell-ing America Online shares and

the global exposure the NYSE could offer.
Since early May, America
Online shares have fallen from 71 to \$31% at midday yesterday, and have sometimes dropped more than \$7 in one day. In the early part of this year, however, America Online experienced sharp upward

Mr Marc Beauchamp,

number of companies moving from the Nasdaq to the NYSE this year remained in line with historical levels of about 1 per

spokesman for Nasdaq, said that trading information was readily available to Nasdaq "We hate to see them go," he said, but he added that the

The NYSE said that in the first six months of this year 32 companies had moved to the big board" from the Nasdao. slightly ahead of last year's record-breaking pace.

July 1996

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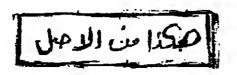
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#### **COMPANIES AND FINANCE: EUROPE**

## Canal Plus seeks to clarify German link |Portugal

By Judy Dempsey in Bonn

Same of the second

media and entertainments conglomerate, and Canal Plus, the French commercial television channel, are seeking to rede-fine their alliance after the launch last Sunday of DF1, the digital television channel owned by the Kirch group and Mr Rupert Murdoch's BSkyB.

The alliance, which centres on Premiere, Germany's pay-TV channel, owned by Bertelsmann, Canal Plus and Kirch, has come under strain as Bertelsmann rethinks its strategy in free television and

mann, the Bertelsmann board shareholder of RTL, Germany's Bertelsmann, the German member responsible for its most successful commercial television division, was in Paris this week for talks with with Canal Plus.

"We want to know where we stand with Bertelsmann," Canal Phis said yesterday. "It is no longer clear in which direction Bertelsmann is going. Is it going to concentrate on free television or pay-TV? We want to know what exactly it will mean for us." Bertelsmann said that the talks were "con-

The nub of the problem is the structure of Bertelsmann's

(free) television channel. RTL this week paid DM2.3bn (\$1.56bn) for the German language rights to a package of films from MCA, the US entertainment and film group, con-firming the commitment by its shareholders to remaining the most important competitor in

Bertelsmann says it is still committed to launching its own digital television platform this year, along with Canal Plus, ARD and ZDF, Germany's two state TV channels.

state-owned telecommunicadecoder, which allows viewers to unscramble satellite signals. will be able to receive programmes from both Bertelsmann and Kirch.

To produce more programmes and purchase collectively. Bertelsmann recently forged an alliance between Ufa. Its television division, and Compagnie Luxembourgeoise de Télédiffusion, which has a stake in RTL. The new group will broadcast by satellite and is aiming to have its own digi-

ance, which will be in direct tions operator. However, the competition with Canal Plus. and the future of Premiere. which has destabilised relations between Bertelsmann and Canal Plus.

Bertelsmann has been criticised by Canal Plus for failing to consult the French broadcasting group on the details of the Ufa-CLT deal; the agreement last week to have a comhow Premiere will operate now that Bertelsmann, Canal Plus and Kirch have agreed to reduce their stakes to make

### **Telecom** studies sale of stake

Portugal Telecom, the partlyprivatised Portuguese opera-tor, yesterday started a process that could lead to the sale of a stake to a large telecoms company such as Stet of Italy or Deutsche Telekom

It appointed Dentsche Morgan Grenfell, the investment banking subsidiary of Deutsche Bank, and Arthur D. Little, the telecoms industry consultants, to advise on alliances and other elements of its

strategy.

Among the options to be examined by the advisers is the possible sale of a share-bolding of 20 per cent-25 per cent. If that happened, Portu-gal Telecom would be the fifth European national operator to turbulence of Olivetti's shares in the take on outside industry inves-

The Portuguese government floated a 27 per cent stake last year and then in June sold a further 22 per cent in the market for \$950m. Like most Euro-pean governments, it opted for telecoms privatisation by pub-

But, as the telecoms indus-try has begun to consolidate, a number of smaller telecoms operators have chosen to sell stakes to larger companies. Matav of Hungary, SPT Tele-com of the Czech Republic, Belgacom of Belgium and Telecom Eireann of Ireland have all given up part of their inde-

The main issue for Portugal Telecom's advisers will be to persuade the management, and the Portuguese government, to give up sufficient control to attract telecoms industry investors.

The global co-ordinators of the public offerings - Merrill Lynch, SBC Warburg, Union Bank of Switzerland and Portugal's Banco Essi - were ruled out of contention for the advisory mandate.

But they helped choose the banks that were invited to ten-

der for the work.

Morgan Stanley and Goldman Sachs, Merrill Lynch's biggest competitors, were not invited. The shortlist was N.M. Rothschild, Salomon gan Grenfell.

Although DMG had the advantage that many of its most serious competitors were eliminated, the mandate were eliminated, the mandate is a significant boost for the bank, which is seeking to build up its international equities and advisory busi-

The Portugal Telecom mandate was awarded just a week after the French Treasury appointed DMG and Banque Paribas to act as advisers on the forthcoming privatisation of France Télécom.

#### **NEWS DIGEST** Sol Meliá ahead

34% in first half

the end of June, from Pta1.5bn last year to Pta2bn (\$15.9m). A month ago the company raised \$275m in fresh capital in an initial public offering that set records for an international placement by a Spanish company. The results, which were in line with expectations, came as the family-controlled group announced further expansion which indicated

hotel group, yesterday

reported a 34 per cent rise in

profits for the first half to

increase the 185 hotels it has under management to 210 by the end of the year. Sol Mellá said it had formed an alliance with Hotti-Hoteis, Portugal's biggest hotel chain, to ensure the management and franchise of its future projects. Hotti-Hotels plans to add six new hotels this year to the five it now operates. Sol Meliá, which is ranked 17th among the world's hotel groups, runs a mix of city and resort hotels. The group is understood to be seeking frauchises in European capitals such as London, Paris and Rome - popular destinations for Spanish

The half-year results showed revenues ahead 21.4 per cent to Pta6.2bn, a 15.1 per cent rise in operating costs to Pta4.5bn, and a 33 per cent increase in operating profit to Pta22bn. Sol Melia, which is the only botel group listed on Madrid's Bolsa, has outperformed the bearish domestic equity market over the past month, with its shares trading at a high of Pta3,000. The Escarrer family placed 40 per cent of its business on the market at the begining of July with a price of Pta2,700, valuing the group at \$687.5m. The issue of 13m shares was 22 times oversubscribed on the domestic tranche and 20 times outside Spain, where 9m shares were placed.

#### **BHF-Bank slows in second term**

BHF-Bank yesterday reported a modest rise in first-half profits, marking a slowdown from the growth rate in the first quarter. The German bank had already warned that the economic slowdown in Germany could affect its second quarter performance, but it was confident of matching the full 1995 result this year. Operating profits increased 3.5 per cent to DM148m (\$100m) in the first six months - against a 7 per cent rise in the first quarter - after a fall in interest income and higher commission and trading profits. Costs rose 6 per cent to DM401m, with risk provisions unchanged at DM85m.

The bank said falling margins on private customer business had been offset through improved results from its Luxembourg operation, BHF-Bank International, and its mortgage bank, Deutsche Hypothekenbank. The interest surplus, down 2 per cent to DM355m, was held back by the non-payment of a dividend by Agiv, the loss-making industrial and transport group in which BHF owns nearly half the shares. Commission profits, 5 per cent higher at DMZI5m, benefited from increased securities business at the parent bank and its Swiss subsidiary, and from higher earnings at Charterhouse, the UK merchant bank in which BHF-Bank and CCF, its French partner, each own 50 per cent.

Own-account trading profits in securities, foreign exchange and other financial instruments rose 76 per cent to DM60m. On costs, the bank said it had identified savings of 15 per cent as a Andrew Fisher, Frankfurt

#### MBO for Grundig chip plant

Grundig, the German audio and video equipment maker, is taking a further step in its restructuring with a management buy-out of its Nuremberg-Langwasser semiconductor plant. Grundig, a unit of Philips, the Dutch group, said the chip plant, which has 250 workers, would become an independent company, called Rotra, owned by former managers Mr Rudi Opitz and Mr Achim Trampenau. Mr Pieter van der Wal, Grundig chairman, said restructuring plans aunounced last February were on schedule, and sales and earnings in line with expectations. "We have hard work ahead of us to become a consistently profitable company," he added.

## Olivetti stresses partnership in IT sector

The trend in the information technology sector is increasingly towards closer partnerships and alliances, according to Mr Francesco Caio, the new chief executive of Olivetti, the

italian computer group In an interview yesterday, Mr Caio, who was appointed chief executive last month, said he had learned the value of partnership in his previous role as chief. executive of Omnitel Pronto Italia, the mobile telephone operator in which Offvetti has a 41 per cent stake alongside Italian and foreign investors.

how important it is to work with partners, and in information technology that will become more and more the trend," he said. He declined to comment on speculation that Olivetti might seek alliances with other groups.

Mr Caio also sought to reassure clients and the market that his telecoms background, and Olivetti's move to become a broadly-based IT and telecoms group, would not lead to the abandomment of the core computer systems and services business. "We will become more and more of a telecome operator, alian and foreign investors. and the technological platform provided "The Omnitel experience rembided us" by systems and services," he said.

Mr Caio was commenting on a report by Dataquest, the US-based technology analysis group, which highlighted Olivetti's strong European position in IT services. The systems and services divi-sion, which accounts for 60 per cent of group turnover, develops IT solutions for specific markets, including banks, retailers and public authorities, and provides support services and IT con-sultancy. It would remain at the centre

of Olivetti strategy, Mr Caio said. In recent months, analysts have focused on Olivetti's ailing personal computer subsidiary, which accounts for less than 20 per cent of turnover. Olivetti reported last week that the subthe second quarter, but volumes would be lower than expected in the second Mr Cain would not comment on the

past few days, except to say that all technology stocks had fluctuated wildly in recent weeks. Olivetti, which lost L1.589bn (\$1.04bn) after tax and restructuring charges in 1995, will publish its half-year results in September.

Mr Caio was appointed after the departure of Mr Corrado Passera and the decision by Mr Carlo De Benedetti, Olivetti chairman, to give up day-to-day executive duties.

## CIC offers mixed blessings for potential buyers

Otential acquirers of CIC, ths state-controlled French bank set for privatisation, will need to give their decisions a lot of thought. On the positive side, the purchaser will have the chance to acquire one of the country's largest banks, with total ass of FFr553bn in 1995, profits rising gradually to FFr625m (\$125m) last year, and a nation-

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wide branch network. It is an institution with a strong brand name and a tradi- the legal rights of ownership tion of innovation, exemplified by its role as the first bank to young clients, as early as 1984.

Many of its recent financial difficulties — like those of its competitors — had been linked to the vegaries of the French property market. CIC was heavily exposed through its subsidiary UIC, which lent to developers. But UIC has been hived off, and is wholly owned by CIC's leading shareholder, the state-owned GAN insurance group.

ance group.

Mr Bernard Yorcourt, chairman, stresses that CIC's real strength is that it is a grouping for regional banks - such as Banque CIAL in Alsace and Lyonnaise de Banque - rather with regional offices. "The regional heads have the power. they talk as chief executive to chief executive with local

"Daily decisions are taken 100 per cent in the regions. Clients are loyal. It is not the same as having a regional direction for a national benk." But such a structure also brings problems. While the parent company CIC has all

over its regional subsidiaries,

it was itistorically the product

tion centre. They remain intensely jeal-ous of their own autonomy. Earlier this year, several of the larger regional banks considered arranging a buy-out of the parent, turning CIC into a form of mutual bank.

Yesterday's privatisation announcement appears to scupper such an idea, but any attempt by a purchaser either to break up the group, or to challenge the independence of each region, could trigger vigorous opposition.

As Mr Yoncourt says: "It



Those in the quene to acquire CIC must assess the prospects of a strong brand in a tough market

by division, or this identity company, which has "share regional back offices designed and approach in the regions holders' rights" to dictate to improve efficiency and of a modest contribution of power and money from those were to disappear. There is a boundaries, determine new reduce costs.

Yet he concedes that as a result of this decentralized. structure, "the group has not had the habit of playing its role". Its computer systems are not integrated, and he believes there is a need for the bank to evolve further from its original industrial and corporate base towards other activities, including individual customers

For him, the ideal balance is for the regions to determine risks, commercial policy, client relations, management of assets and social policy, within gies within the group.

r Yoncourt also argues that CIC's ratio of banking revenues to operating costs remains too high at nearly 78 per cent, several points higher than a number of its leading rivals. He believes that the regional structure justifies a

premium of up to 2 percentage points, but the overall ratio needs to fall to 69-70 per cent. One of his responses has been to launch a programme to harmonise computer systems,

would be a shame if it was sold limits set down by the holding and establish a series of regional back offices designed

> feel constrained - at least in the short-term - by the challenges of meeting the French government's conditions on the sals, such as GAN's desire to continue selling its own life assurance policies through the CIC network. They also face a structural

> challenge: the potential profitability of the France's domestic banking sector - where most of CIC's activities are concen-trated - at a time of intense competition and low margins.

Andrew Jack

## SKF breaks into Japanese Automotive Market

For the first time in its history, SKF will sell wheel bearings directly to a Japanese car manufacturer in Japan. Despite very strong Japanese bearing competition, SKF signed a multi-year contract with Suzuki to supply Hub Units. The Hub Unit, a concept developed by SKF, is a unitised assembly, lubricated and adjusted at the factory to reduce maintenance and instal-

Decisive factors in Suzuki's decision included SKF's reputation for dependable, high quality products as well as SKF's global production and service network. Deliveries are scheduled to begin in September this year. THE SKF GROUP'S CONSOLIDATED INCOME after financial income and expense for the first balf of 1996: 1 475 million Swedish kronor (1 866).

Sales: SEK 17 528 m (19 487). Income after financial net for the second quarter: SEK 664 m (959), sales SEK 8 647 m (9 775). Fluctuations in exchange rates had a negative effect nn sales, tn the nrder of 9 percent or approximately sex 1 700 m. In the North American market, SKF is continuing to increase its sales to the automotive industry. Following the decision to build a new plant

in the United States for the manufacture of Hub Units, further contracts have been secured, including another large order for these products by the leading U.S. manusfacturer of truck axles. The European market, however which accounts for almost 60 percent of Group sales, showed a continued weakening in the demand for rolling

bearings. All major markets, with the exception of France, showed the Growth remains good in Asia. SKF's sales to the aftermarket are developing positively. One customer segment where SKF is recording increasing sales is the manufacture of motorcycles and scooters. The

Group supplies the market primarily from its European plants. The SKF Group operating income after depreciation for the first six months of 1996: SEK 1 657 m (2 256). Financial net: SEK -182 m (-390). This improvement can be attributed mainly to a positive outcome from

forward transactions made to cover currency flows. Earnings per share after tax SEX 7.90 (10.85). Capital expenditures in property, plant and equipment SEX 1 099 m (934). At the end of June, the Group financial assets were SEX 3 660 (4 874) compared with SEX 4 035 m at the beginning of the year. The return on capital employed July 1st 1995

- June 30th 1996 was 17.0 percent (17.0). Return on shareholders' equity 16.0 percent (19.4). Group solvency 31.3 percent (29.9),

For a copy of the half-year report, please write to SKF Group Communication, S-415 50 Göteborg, Sweden, or access the Internet http://www.skf.se

AVERAGE RATE OF EXCHANGE 1996:1 GBP = 10.28 SEK. 1995:1 GBP = 11.68 SEK.

(a company incorporated in Jersey - registered number 40503)

NOTICE IS HEREBY GIVEN that I, William John Perchard, being the liquidator of the above named company appointed by the Shareholders at an Extraordinary General Meeting on 6th June, 1996, have today declared a FIRST DISTRIBUTION to the holders of the Participating Redeemable Preference Shares (the "Shares") payable on 15th August 1996, amounting to US\$8.75 per share (eight dollars and seventy five cents).

Holders of International Depositary Receipts (TDRs') relating to the Shares, must, in order to receive the distribution in respect of their holding either:

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on 13th August 1996.

2. Instruct Euroclear or CEDEL to collect the distribution on their behalf.

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Copies of the Interim Receipts and Payments Account and the Liquidator's First Report are available from myself as liquidator.

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Notice is hereby given that the Rate of Interest has been fixed at 6.6875% and that the Interest payable on the relevant Interest Payment Date January 31, 1997 against Coupon No. 1 will be US\$34.18 in respect of US\$1,000 nominal of the Notes.

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Correction Notice US \$100,000,000 Credit du Nord Floating Rate Notes due 1997 For the period from July 31, 1996 to October 31, 1996 the Notes will carry an interest rate of 6% per annum with an interest amount of US \$146.15 per US \$10,000 Note.

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#### COMPANIES AND FINANCE: UK

## Royal Bank buys Warburg division

By Nicholas Denton

Royal Bank of Scotland vesterday said it was buying the share custody division of SG Warburg and propelled itself into the top rank of the rapidly consolidating global custody industry.

The acquisition adds the £80bn (\$124.8bn) under custody by the Warburg division to RBS's £170bn to create the UK's second largest custody operation - the physical handling of securities - after Mid-

land Bank's and the world's sixth largest by equity assets. RBS will gain Warburg's main custody client, Mercury Asset Management, the UK's largest fund manager, and lift its market share of custody for the UK pension fund sector to

22 per cent. The takeover also brings administration services - the accounting of products such as unit trusts - to a business which had concentrated on straightforward custody ser-

As custody fees have halved in a decade to 5 basis points (0.05 per cent) of assets, expenditure on information technology has come to rspresent about 20 per cent of costs, encouraging economies of scale and consolidation. Lloyds Bank took over the £57bn of assets under custody of NatWest Mar-

Administration of retail

plans to wind up the trust be like "announcing to the mar-ket that it was a seller". This

would make it impossible to

kets in 1995 and Prudential

subcontracted custody of its £40bn portfolio to Mellon Trust

still largely performed in-house consolidation, attracting custodians such as RBS.

and Midland Bank earlier this

products such as unit trusts and personal equity plans is by fund management companies. But rising IT costs are encouraging outsourcing and

The Warburg custody business arose to service the UK investment bank's fund management arm, MAM. When SBC acquired Warburg in 1995, MAM was demerged and SBC put the custody business up for

- phahire E Street of the US and Midland both expressed interest but RBS emerged as the leading hidder. The purchase price depends on an asset valuation of the operation and is expected to be up to £50m.

Up to 120m of the proceeds will go to SBC Warburg while MAM will take £30m of convertible loan stock in the merged custodian, RBS Trust Bank, in exchange for the assets it had provided to the Warburg operation.

Sainsbury

## Kepit rejects TR Euro offer

By Roger Taylor

By John Gapper, Banking Editor

Kleinwort European Privatisation Trust yesterday firmly rejected the surprise £500m bid from TR European Growth, a small investment trust managed by Henderson Touche

Kepit directors described the bid as "opportunistic" and said it did not believe TR could raise as much as it claimed by liquidating the trust.

In an unusually aggressive move for an investment trust,

Allied Irish Banks yesterday

declared a 14 per cent rise in pre-tax profits from IE177.1m to

16201.1m (\$322.9m) for the first

half of the year, driven by a

continuing strong growth in loans, and financial markets

The bank raised its interim

dividend by 14.4 per cent to 5.95p, and said it would seek

permission from its sharehold-

ers to make share buy-backs at

However, directors smpha-

sised that it was likely to try to

maintain strong capital ratios in order to be ready to make further acquisitions either in

the US, or by buying a UK building society or life insur-

its next annual meeting.

Loans increase

behind AIB rise

TR is proposing to wind up Kepit, Kleinwort Benson's largest investment trust, sell off its assets and return the cash to shareholders, after first deducting a percentage for

The bid aims to take advantage of widespread discontent among Keplt investors who have seen the price of its shares fall since launch two years ago. They are now worth less than the value of the assets held by the trust. Kleinwort said that TR's

They said that, given the consolidation of the UK build-

ing society movement, the

opportunity to buy a society of the right size was "slipping

away", but opportunities across the UK financial ser-

vices sector would be consid-

The bank's loan book grew

by 5.2 per cent between Decem-

ber and June, with growth of

10.1 per cent in the Republic of

Ireland. Strongest growth in assets came in Irish residential

mortgages, and lease finance. Leasing assets in Ireland

rose by 28.4 per cent growth in

leasing assets in freland, and

mortgages ross by 12.4 per

Mr Neil Dean, chief financial

officer, said the rate of loan

sell the assets at a good price and result in poor returns for Mr Simon White, a director of Kepit, said yesterday: There is something in this bid

for TR and Henderson, there is something in it for the advisers, but there is nothing in it for shareholders of Kepit". TR is offering Kepit shareholders either cash or shares

ited to £100m, so most share holders will have to take cash. The value of the offer depends entirely on how much TR can get for selling off Kepit's investments. It will pay 99.25 per cent of whatever it makes from the sale, after

deducting costs of about 2 per

TR's move comes days before shareholders are due to vote on Kepit's own plans to partially liquidate the fund.

## takes all Homebase J Sainsbury, the supermarket

group, yesterday agreed to take full control of its Homebase DIY subsidiary by buying 25 per cent of the unit from GIB, Belgian's biggest retailer, for £77.5m. The deal tuvoives a cash out-

lay of £65m and the repayment of a £12.5m shareholder loan from GIB to Homebase. It represents an excellent return for the seller which paid only £250,000 for its stake when Homehase was set up in 1979. Yesterday's deal was initiated by GIB, said Mr Dino Adriano, Sainsbury's deputy chief executive and chairman of Homebase. He said the Belgian group disliked having minority stakes in sectors it considered core business. It was also anxious to release funds for investment in its core continental European

He said the UK DIY market had improved over the last two months, but it was premature to call it a sustained recovery. "We are doing this deal because we believe in the market's long-term growth potential," he stated.

GIB has indicated it wants to develop its DIY operations in Spain and Portugal and expand its Quick fast food restaurants. The Belgian group has been through a lengthy period of restructuring cul-minating in a BFr4.35bn loss



Neil Dean: rate of loan growth likely to slow in second half

#### **Disposals** help TI's 43% rise to £125m

TI Group, the specialist

engineering and aerospace concern, yesterday reported a 43 per cent increase in firsthalf profits as disposal proceeds and rigorous cost con-truls offset flat sales in some markets.

The company, whose products include mechanical seals, fuel systems and aircraft landing gear, raised pre-tax profits from £87.4m to £125.3m (\$195.5m) on sales of £896.2m (£859.4m) in the six months to June 30. The figures were flattered by an exceptional gain of £21.6m on the sale of three non-core engineering busi-

nesses and a lower interest charge of £2.7m (£4.8m). Sir Christopher Lewinton, chairman, said the group was snjoying strong organic growth, with underlying prof-its up 19 per cent to £104m. Improved contributions from operations in the Americas and the Pacific Rim had compensated for dull market conditions in continental Europe.

Sir Christopher highlighted "strong organic growth" in TI's three core divisions – John Crane, Bundy and Dowty – and hinted at sizeable bolt-on acquisitions. The group resterated its position at

the end of last year that it could comfortably spend up to £300m on acquisitions without straining its balance sheet. TI's spending power was enhanced by improved cash flow from operations of £103m (£98.5m), which contributed to net cash of £71m - against

borrowings of £20.4m. Sir Christopher said the group was considering a num-ber of acquisition opportuni-ties for John Crane, the seals and polymer engineering division, which reported profits of £47.9m (£42.1m). He also hinted at bolt-ons at Bundy, the fuel and refrigeration tubing maker, where profits rose from £36.6m to £40.5m.

Acquisitions were said to be less likely at Dowty Aerospace, which increased profits to £20.7m (£17.6m) in spite of a reduced contribution of £8.4m (£10.3m) before interest from its Messier-Dowty landing gear joint venture. See Lex

## Weak chemicals side hits Royal **Dutch/Shell**

By Patrick Harverson

A sharp fall at its chemicals business saw profits at Royal Dutch/Shell, the Anglo-Dutch oil group, fail from £1.28bn to £1.18bn (\$1.84bn) in the second quarter. The downturn in chemicals

and £60m of currency losses wiped out benefits of higher oil prices and improved profits from exploration and production and refining and marketing. However, Shell's excentionally strong first quarter meant interim profits, calculated on a replacement cost of supplies basis, rose 15 per cent to £2.93bn (£2.55bn).

Revenues were £27.4bn (£24.2hn) in the quarter, and £53.4bn (£48.9bn) in the half. The growth in sales was primarily generated by higher oil prices, which in the quarter averaged \$19.50 a barrel of Brent crude, against \$18.60 the previous quarter.

Analysts had expected the chemicals result to be lower than a year ago when the industry was reaching its cyclical peak but they were surprised by the extent of the deterioration.

Profits from chamicals plunged 54 per cent in the sec and quarter to £184m (£398m) as overcapacity and intense pressure on prices and margins took its toll. For the half year, chemicals profits were also 54 per cent lower at £349m. Mr John Jennings, chairman of Shell Transport and Trad-

ing, said he expected the difficult conditions in chemicals to continue. The picture from exploration and production was much brighter. Profits climbed to

£670m (£464m) in the quarter

and £1.58bn (£1.06bn) in the Refining and marketing prof-its rose slightly in the quarter to £480m (£457m), taking the first-half total to £1hn (£793m). Earnings per share for Royal Dutch were Fl 3.65 in the first

half, against Fl 3.81 and Fl 7.79

respectively last year.

## Higher oil prices help lift Lasmo

By Patrick Harverson

Higher oil prices and lower costs helped Lesmo, the UK's second largest independent oil explorer, report a substantial improvement in the first half, in spite of a setback at its Liverpool Bay oil and gas field.

The pre-tax result jumped 44 per cent from £81m to £117m (\$182.5m), helped by a £28m profit on the sale of the company's Nova Scotia assets to Pan-Canadian Petroleum, a gain partially offset by higher net finance and tax charges.

Operating profits climbed 20m to £103m, thanks primarily to higher oil prices, which averaged \$18.45 a barrel, against \$17.28, and lower costs. However, exploration write-offs rose to £18m (£10m). Revenues climbed to £258m (£330m).

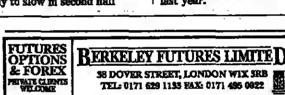
Production rose slightly from 170,000 to 172,000 barrels a day. 170,000 to 172,000 barrels a day. Sue development opportunities Output would have been in the Middle East.

higher but for difficulties at

the Liverpool Bay field.
On the oil side there were technical problems at the platform offshore, and on the gas side the breakdown of a turbine at PowerGen's Connah's Quay plant, which will burn the Liverpool Bay gas, also dis-

rupted production. However, Mr Joe Darby, chief executive, said he expected production from Liverpool Bay to increase in the second half and into 1997.

There was better news from Lasmo's Algerian operations. where government approval exploration at two fields. The company also announced it had acquired new acreage in Egypt and Italy, and was negotiating for six licenses in three countries. It is also setting up a joint venture in Kuwatt to pur-



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#### **COMPANIES AND FINANCE: UK**

## moves to lift share price

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Yorkshire Electricity is to increase its annual dividend by more than a third this year in a surprise move designed to lift e share price which the com-pany believes has been depressed by political con-

4.1

The shares rose 25p to 707p yesterday as the regional electricity company announced its intention to pay a 52,68p total dividend in the year to March 1997, an increase of 34.4 per

Prior to the announcement, at yesterday's annual meeting in Grimsby, the company had promised a 10 per cent increase.

The announcement raised expectations of further buybacks and special dividends by utilities before the general

election. Earlier this week Thames Water bought back 10 per cent of its shares and e number of other groups - notably York-shire Water, East Midlands Electricity and PowerGen - are expected to do so before the

Mr Tony Coleman, finance director of Yorkshire, said the move was prompted by "share-

Blenheim Group, the

exhibitions organiser, con-

firmed yesterdey it was in

takeover talks that could lead

ment, released following an

intervention by the Takeover

Panel, did not name the poten-

Media, the publishing, media

However, United News &

to an offer for the company. The shares rose 9p to 434p. The Stock Exchange state-

By Tim Burt

Blenheim confirms

and financial services com-, are thought to centre on its

pany, said it had suspended accounting procedures and its negotiations with Blenheim method for reporting profits.

takeover talks

holders making quite clear that they are natural sellers of the sector because of political and regulatory uncertainties. We have to respect that".

Yorkshire's share price has underperformed the market by about 17 per cent in the past

Even after yesterday's share price rise the proposed dividend puts the group on a prospective yield for the year of just over 9 per cent, about twice the market everage. Yorkshire has promised a further 7 per cent dividend

increase for next year. The group is also expected to spend about £110m on buying back 10 per cent of its shares before the year-end after receiving permission for such a

move yesterday.

Mr Coleman denied that the dividend rise was designed to offset the effect of the Labour party's proposed windfall tax. "We would have to get rid of a lot of money to get immunity from it," he said, "Any existing or incoming administration could simply say 'Go and bor-

Following the dividend payout and e buy-back the group's gearing would be at about 100

pending the release of further

Reed Elsevier, another poten-

tial bidder, declined to com-

ment. The Anglo-Dutch pub-

lishing group was yesterday said to be maintaining a dia-logue with Blenheim, although

suggestions of an imminent deal were played down. United, meanwhile, indicated

last night that it was hopeful

of obtaining answers to areas

of concern raised with Blen-

heim and its advisers. Those

financial information.

ced plans in January to split his £11hn-turnover industrial holding company into four, the shares have fallen 23.6 per cent, closing yesterday at just 155%p. Against the FT-SE-100 index, the decline, some 21.2 per cent, is almost as severe.

Today the shares are trading below even the most conservative assessments of Hanson's break-up value of about 165p. in part, the slide reflects market distillusionment with

the conglomerate sector at a time when focus and globalisation are management buzz-words. That has been compounded by Hanson's own demerger strategy, which has led many investors to conclude that in the 1990s conglomerates are dinosaurs doomed to extinction. More damaging, though, are

the altered market circum-stances since the break-up was unveiled, and the information that has emerged about Hanson itself.

Under the demerger plan, Hanson's tobacco and chemical businesses are each to be floated off separately on October 1. That will be followed by the flotation of the energy arm

next January. Imperial Tobacco Group, is, in spite of its size, a potential

takeover target.

But the outlook for the

Hanson falled. Since Ross Tieman on disenchantment since Hanson announces since Hanson opted to split up

Share price relative to the FT-SE-A All-Share index

Scoros: FT Extel

expected to be quoted in New York as well as London, and e

reduction in the value of Pea-

body's coal reserves and the

un-mined rock at Corner-

stone's US quarries. Although Hanson denies it,

some analysts believe the com-

pany had over-valued the

assets in the past.

At the peak of its influence in the late 1980s, Hanson could

put the frighteners on ICL or

offer to take PowerGen off the

government's hands without a

quiver. Today, it is out of

favour. Lord Hanson's knack

was to spot value others had overlooked. By the year end,

investors will know whether

that talent persists, or whether

the market is now the better

Chemicals will comprise Quantum, a leading producer of polyethylene, and SCM, which makes titanium dioxide.

Far from proving attractive to predators, as analysts had hoped, it now tooks likely to attract a bid only from a bigger player seeking to rationalise overcapacity in its sectors and expand its share of fiercely competitive markets

Hanson's energy business has also suffered e de-rating. for different reasons. It com-bines America's largest coal producer. Peabody, with East-ern, the UK electricity distribu-tor acquired last September for £2.5bn and a clutch of coalfired generating plants bought from Netional Power for £1.7bn. But price-earnings multiples in the UK electricity industry have fallen sharply on fears of tighter regulation, particularly if a Labour govern-

ment won power next spring. Meanwhile investors who used to rely upon Hanson's hefty dividend payout face a substantial cut once the demerger is echieved.

But the most damaging blow to sentiment came earlier this month, when Hanson accompanied first-half profits with news that it was cutting the value of its assets by £3.2bn. chemicals business has deteriorated sharply since the demeraccounting standards for the ger was announced. Millenium energy business, which is judge of the group's potential.

#### **INVITATION FOR BIDS**

General Directorate of State Reserves has received a fund of 11.500.000 Jeleven million five hundred thousand) USD, from the State budget and intends to purchase 50,000 tons of miling wheat.

2. General Directorate of State Reserves Invites the bidders to participate in International Bid for purchasing of 50,000 tons milling wheat promptly.

 Bidding documents may be purchased at General Directorate of State Reserves Tirana Albania for a nonrefundable lee of 150 USD for each set on the submission of a written application. Interested bidders may obtain further information at the following address: General Directorate of State Reserves, Buleyardi "Deshmoret e Kombit", Tel & Fax: 00 355 42 28370, Tel & Fax: 003554223277,

4. Bids must be submitted to General Directorate of State Reserves no later than 25 August 1996, 15.00 local time at which the Bid will be opened in the presence of the bidders or their representatives.

The Bld security will be forfeited if a bidder withdraws his bid during the validity period or refuses to accept the award of the contract if

CHIEF OF PROCUREMENT INSTITUTION HEKURAN SKUCI

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- The activities of the EBRD, the IMF and the World Bank as well as Western commercial banks present in the area.

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#### Tel: +44 (0) 171 896 2314 Fax: +44 (0) 171 896 2319

## Yorkshire Elec General Breaking up is hard Cable in

purchase By David Blackwell

£131m

General Cable, the UK's fifth largest cable operator, yester-day completed the £131m (\$204m) acquisition of the 50 per cent of Yorkshire Cable Group that it did not already

In a complex transaction the group issued 75m new ordinary shares priced at 160p on the international market. The deal, which marks a further consolidation of the UK cable television industry, raised £43.2m net of expenses for working capital and to repay Yorkshire's debt.

The Yorkshire stake was acquired from Singapore Tele-com International, which has long signalled its intention to quit the UK market. Singapore Telecom will receive £72.3m in cash and retain 36.5m shares in General Cable - e stake of just under 10 per ceni. It has agreed not to reduce its stake

The shares, which are expected to be admitted to the official list on Tuesday, closed yesterday down 3½p at 162½p. The stake held by Compag-nie Générale des Eaux will fall by 58 per cent to just over 40

RESULTS

for two years.

							,		<ul> <li>Dividends -</li> </ul>		
	Texton	w (2m)		e-tax It (Sin)	#	S (p)	Current payment (b)	Date of payment	Corresponding dividend	Total for year	Total les year
Ubbey 🕏Yr to Apr 30	45	(50.4)	6.22	(8.37 )	11.17	(15.08 )	3.4	Oct 7	3.15	5.5	S.25
Wied Intel Banks 6 mths to June 30		(-)	201.1	(177.1 ]	18.3	(16.1)	5.95	Sept 28	5.2		129
Neck Arress Yr to Mar 31 *	21.4	(24.5)	2.47	(2.51 )	6.73	(6.45)	24	Oct 6	21	3.4	3.1
biofinine 6 miles to June 30	6.33	(5.23)	0.208	(0.3811)	2.43	(4.43L)	1	Oct 9	0.5		1
rose Property \$ 6 mits to June 30	5.130	(4.51D)	2.94	12.9 )	5.41	(5.97)	1.3	Oct 1	1.3	•	4.4
owardYr to Arr 30	5.19	44.85	0.406	(0.317)	1.09	(0.86)	0.8	Oct 9	0.8	0.8	0.8
untingdon init	36.7	(41.4 )	2.65	(28.4L.4)	1.81	(28.4L)	nii	•	nE	nii	rii
samo	358	(330)	117	(81 )	3.9	(1.4)	-	-	•	-	1.25
splic WiseYr to May 31	32.3	(32.2)	1.41	(1.51 )	2.67	(2.88)	1.75	Oct 1	1.75		4.25
DaysYr to May 31	279.9	(153.4)	50.4	(28.3)	441	(35.1)	6.69	Oct 7	5.82	10.66	9.27
estatrashet & 6 miles to June 30	-	(-)	0.6	(-)	10.57	(-)		•	-	-	-
WF P Yr to May 31	67.9	(57.3)	2.57	(2.3)	22.3	(20.7)	8	-	6.5	8	6.5
don5 mths to June 30	53.7	(39,8)	6.51	(5.15)	5.88	(4.99 )	0.65	Sept 27	0.5	-	1.867*
sece 6 mins to June 30	8.82	7.85	0.079	(0.068)	0.05	(0.04)	•		-	-	
ntork8 mths to June 30	45.7	(39,7)	9,12	(7.43)	6.6	(5.3)	3	Oct 4	2.1		5.4
Transport T 6 orths to June 30	53,438	(48,852)	2,926	(2.5542)	32	(27.9	##	•	12.9	-	33.3
6 miles to June 30	895.2	(859.4 )	125.3♥	(87.4)	19.3	(12.5)	4.75	Oct 8	4.35	-	13.1
vestment Trusts	MAG	(a)		ga (Zm)	EP.	S (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total les year
delity Japanese 6 mths to June 90	85.37	(68.21 )	0.46L	(0.146L)	0.44L	(0.14L [					D.1
	574.B	(457.B)	0.469	(0.364 )	3.89	(3.08)	2.3	Sept 13	2.25	-	7.05
mentitar			1.44	(1.22)	2.97	(2.51)	. 2	Sept 10	2 .		4.9

## REPUBLIC OF ECUADOR

#### NATIONAL COUNCIL FOR THE MODERNIZATION OF THE STATE

#### COMMISSION FOR THE MODERNIZATION OF TELECOMMUNICATIONS

OPENING OF THE PROCESS FOR INSCRIPTION IN THE OPERATORS QUALIFICATION REGISTRY,

FOR PARTIES INTERESTED IN PARTICIPATING IN TELECOMMUNICATIONS MODERNIZATION IN ECUADOR. The Republic of Ecuador, through the Commission for the Modernization

of Telecommunications, COMOTEL, as the executing agency for the National Council for the Modernization of the State, extends an invitation to all operators Interested in participating in the telecommunications modernization process in Ecuador, either directly or through associated companies, e defined in COMOTEL Resolution № 96-02, to formally express their intention of registering in the Qualified Operators Registry and to present the documentation that may permit a satisfactory evaluation of compliance with all requirements foreseen in the COMOTEL Standards for Qualification. Under provisions eet forth in the "Reformetory Law to the Special Telecommunications Law\*, published In Official Register No 777, of August 30. 1995, the Telecommunications Modernization Process, includes the solitting of EMETEL S.A. into several companies. A 35% of the shares of each company, shall be sold to different national or international operators, who will be entrusted with the responsibility of administering and operating each one of the companies resulting from said EMETEL S.A. division.

Through Resolution 96-02 of July 10, 1996, COMOTEL Issued the Standards for Qualification in the Registry of Operators Interested in Participating In the Telecommunications Modernization Process in Ecuador.

Applicants interested in participating In this process shall submit the following current technical and service, economic-financial and legal information for 1995 pertaining to the company, if it ie an operator, or carrier of telecommunication services and in the event it is not, the information pertaining to the associated company that is e telecommunications service operator or carrier.

#### TECHNICAL AND SERVICE REQUIREMENTS:

- 1. Number of local lines installed in the network for wired or wireless service. exceeding two million five hundred thousand (2'500.000) or two hundred thousand (200,000) interurban or international carrier service circuits.
- 2. Local service companies must comply with the following two parameters. (i) Average percentage of completed incoming international calls, equal to
- or higher than fifty five percent (55%) for local service operation.
- (ii) Percentage of failures repaired within 24 working hours, equal to or greater than eighty percent (80%). 3. Long distance service companies may comply with one of the following
- parameters, left to the applicant's selection: (I) Percentage of outgoing long distance call equal to or higher than ninety eight percent (98%); or,
- (ii) Availability of interurban circuits equal to or higher than ninety seven and one half percent (97.5%)
- The evailability of interurban circuits is:
- The total number of minutes of interurban circuits out of service is divided by the total number of interurban minutes avialable.
- (i) The difference that results from substracting from one (1) the coucient: between: the total of minutes of interurban circuit out of service divided by the total number of minutes avialable.

- The total number of evailable interurban minutes is the total of circuits installed, multiplied by the number of days (365) times the total number of minutes in one day.

Each one of the previously mentioned indicators shall be certified by the Regulating Entity or Telecommunications Authority of the country of domicile of the corresponding operator, or by an auditing company or recognised prestige. In the event thet the applicant is linked to some internetional operator, service indicators information shall be that corresponding to the country where its principal operation is located.

If a long distance telephone service company is qualified, prior to the international public auction, said company shall justify its association with a basic network operator that meets the requirements determined in numerals 1 and 2 of this article.

#### **ECONOMIC - FINANCIAL REQUIREMENTS:**

- 1. Gross Income derived from the provision of telecommunications services in excess of two thousand five hundred million US dollars (US\$ 2,500'000,000.00) or its equivalent in other currencies, in accordance with audited financial statements for the last fiscal year.
- 2. Annual reports for the last two years.
- 3. Audited Financial Statements, accompanied by an euditor'e opinion, corresponding to the two years mentioned in the previous item.

The Legal Representative of the participating company shall declare that from the date of the last financial statement to the date of the invitation, the equity and solvency situations of the company have not been affected by any substantial negative variation. .

4. A document that evidences the present "Investment Grade" classification for the company's short or long term debts, to be issued by any of the classifying companies: Moody's, Standard and Poor's or Duff and Phelps,

In the event that the applicant's debt is not classified, and that the State, where the Main Office is located, is the proprietor of over 50% of its capital, the applicant may submit evidence of the "investment Grade" of the short or long term debt classification of the State that is the owner of the Main Office.

#### **LEGAL REQUIREMENTS:**

- Letter of Intention to participate in the Qualification Process to be registered in the Operators Qualification Registry, in accordance with the form provided by COMOTEL.
- If the applicant is not e telephone services operator, it must explain its relationship to the company it is linked with, that must be an operator, and of which it is using the technical and services requirements information as well as economic and financial requirements.
- 2. Certified copy of documents that give proof of the legal existence of the operating company at date of presentation.
- Certificate issued by an Ecuadorian Consul, which shall attest that the company is authorised to operate abroad.
- Identification of the person who may be notified with procedural matters, as well as the Resolution that states the Inclusion or lack of it in the

Qualification Registry. For this it is necessary to provide an address in

If any of the information presented is found to be false, this sole circumstance shall disqualify the applicant (s). Likewise, any operating company that proposes to interfere or exert any influence on the analysis of documentation presented, shall be disqualified.

#### RECEPTION OF DOCUMENTS:

Documents shall be presented in three (3) envelopes, one (1) original and two (2) copies, duly identified and addressed to the Secretary of COMOTEL Executive Director of CONAM, on the 9th floor or the Edificio de la Corporación Financiera Nacional , located on Ave. Juan Leon Mera# 130, Quito, Ecuador, on 30th of September, 1996, between 08:30 hours to 18:00 hours as indicated by the clock located in the reception area of the CONAM Offices at the above mentioned address.

Documents submitted in a foreign language shall be accompanied by translations made by a translator whose signature has been euthenticated by a notary public or by an Ecuadorian Consul or by e Civil Judge, Likewise, such documents shall be legalised by a diplomatic or consular agent of Ecuador eccredited before the foreign nation of the applicant's domicile.

All documentation required shall be submitted in the Spanish Language, and only additional support documents mey be submitted in the English language. FIRST PUBLICATION:

Once the reception process has been concluded, and within the three working days following same, a single publication shall be mede in two (2) high circulation national newspapers, containing the list of all operators interested in participating in the Ecuadorian Telecommunications Modernization Process. SECOND PUBLICATION:

After the evaluation process has concluded, the notice with the listing of companies that comprise the Operators Qualification Registry, shall be published once in two (2) high circulation national newspapers.

#### **ASSOCIATIONS AFTER THE QUALIFICATION PROCESS:**

After being qualified end registered in the Operators Qualification Registry, applicants may choose to form associations with other qualified operators and/or with national or international investors interested in participating in the modernization process, provided that they keep at least fifty one percent (51%) of their stock participation in the corresponding association or consortium. When said association or consortium has the participation of more than one qualified operator, the consortium by laws shall define the leader of same. in which case said leader shall have a participation percentage equal to or greater than fifty one percent (51%).

Any additional information may be requested, preferably in writing, addressed to the attention of the COMOTEL Secretariat, that is to the CONAM Executive Directorate, 9th Floor, Edificio de la Corporación Financiera Nacional, Ave. Juan Leon Mera# 130, or via Fax: (593-2) 509-437, or Telephones (593-2) 509 432 to 435.

Quito 1st of August, 1996 Dr. José Marie Aquirre President

COMOTEL

Dr. Patricio Peña. R. Executive Director, CONAM Secretary, COMOTEL

## Production data spur Treasuries

and Peter John in London

Treasury prices seared in early trading yesterday as weak data on manufacturing activity convinced many on Wall Street that the Federal Reserve would not raise interest rates later

this month. Near midday, the benchmark 30-year Treasury was 1\frac{11}{22} stronger at 89\frac{2}{2} to yield 6.845 per cent, setting the long bond on track to finish the session with its lowest yield since May 28. At the sbort end of the maturity spectrum, the two-year note added  $\frac{1}{2}$  at 100%, yielding 6.064 per cent. The September 30-year bond climbed 1%

The slope of the yield curve between two-year and 30-year maturities steepened by 3 basis points to 79 basis points as easing fears of a short-term rate increase led yields on shorterterm securities to fall fastest. Bonds began rising at mid-morning after the National Association of Purchasing Management said its index of business activity fell to 50.2 in July from 54.3 in June. Economists had expected it to hold

steady near June levels. Yesterday was the third coosecutive session in which weaker economic news bas belped boods move off the lows established last month, when strong employment figures led most investors to cooclude that a rate increase was inevi-

fixed-incoma trader at First Chicago Securities, said the market yesterday wrote off a rate increase in August. However, be added that the market could tumble if employment figures due out today are not equally weak.

Earber, thet market paid little attention to figures showing that gross domestic prodoct rose 4.2 per cent in the second quarter, within the range of analysts' projections.

■ US bullishness gave a boost to debt prices throughout Europe. This masked a smaller

#### GOVERNMENT BONDS

shift at the expense of Germany and to the benefit of other EU member states, particularly the high-yielders. Bunds were weak ahead of the US data as a worrying report from the Social Democratic party offset potentially beneficial information from the

IFO economics institute. The SPD said predictions of DM60bn for this year's budget deficit were unrealistic, with the drain oo the economy already reaching DM45bn by the end of the first half.

That prediction of forthcoming pressure on fiscal policy was more than sufficient to counter forecasts yesterday by the IFO, for relatively subdued growth for 1996. It called for

Its growth forecasts also assumed a rate of between DML50 and DML55 to the dollar. With the German currency trading above that level, one economist pointed out the risk that growth would be weaker than forecast.

Liffe's September bund future hit a low of 96.85 before rallying to close at 97.26. up

■ In contrast, France was helped by a compromise rate cut and a successful OAT auction, even though the absence of any yield pick-up against Germany continued to restrict foreign interest.

The Bank of France reduced Its five to 10-day emergency funding rate by 15 basis points to 4.75 per cent. This had been largely expected, but it nonetheless helped sentiment.
Also, an auction of more than FFr15bn of OATs was well covered. The bigger slice of FFr11.66bn in 10-year paper

was covered 2.1 times. The auc-

tion of FFr3.7bn of 15-year

paper received a more positive bid cover, of 24 times. in the UK, gilts gained ground over bunds in the morning with a short squeeze exacerbated by some data from the latest Purchasing Managers Index, which reflected a continued absence

of pressure on prices and thus on inflation. Liffe's September long gilt portfolios.

future broke through recent highs - unusually, dealers said, UK investors refrained from taking profits. The absence of domestic selling mingled with a trickle of overseas buying ensured that the strength was maintained.

The summer hill kept eurobond issuance at bay, but Abbey National issued an innovative floating-rate instrument in the French franc sector. writes Conner Middelmann, It launched FFribn of 10-year bonds pegged to the Tec-10 index, which represents the moving average of constant maturity 10-year French government bond yields. Abbey is the first foreign borrower to have launched such

securities. The bonds pay a coupon of 100 basis points below the Tec-10 index, which currently trades at 6.39 per cent. Since the index tracks long-term bond yields, bullish investors buying Abbey's bonds would expect long-dated French yields to rise and/or the yield

curve to steepen.

BNP, joint lead with Morgan
Stanley, said the bonds met with strong interest from French institutions with long-dated liabilities, such as pension funds. They also drew money market funds looking for floating-rate assets offering a yield pick-up, and banks and central banks seeking to hedge fixed-rate

He said the poor showing of the Communists had removed the risk of a political "reversal", reflected in growing demand for Russian equities from investors such as pension

#### New fund will trade on market anomalies

By Philip Coggen, Markets Editor

Crédit Lyonnais Rouse and **Equitable House Investments** have launched a hedge fund designed to give investors a chance to participate in the skills of a proprietary arbltrage trading desk.

The Volatility Fund, a Luxembourg-registered open-ended investment vehicle, is designed to take advantage of pricing anomalies in the equity and commodity markets. These anomalies may have

increased, according to Mr Desmond Fitzgerald, chairman and chief executive of Equitable House, because the derivative disesters at hanks such as Barings have led financial groups to reduce the capital devoted to trading activities. One strategy which the fund

will follow entails selling options when the implied vols tility in premiums is high (which often occurs during periods of market turmoil). and buying the options back when volatility declines. The fund will be "market neutral" in other words, its performance will not be dependent on the direction of market movements. It will trads in neither bonds nor currencies, where Mr Fitzgerald thinks arbitrage possibilities are

more limited. Equitable House cites a cumulative return of 90 per cent since its establishment in September 1993, employing the same techniques as the Volatility fund will use.

The minimum investment in the fund, which is designed for institutional investors, will be \$750,000; annual fees will be 2 per cent with a further performance fee based on the excess return over US Treasury bills. Both US dollar and D-Mark share classes will be offered.

Up to 5 years (22) 5-15 years (20) Over 15 years (3) irredoomables (3) All stocks (56)

8 Up to 5 years (1) 7 Over 5 years (11) 8 All stocks (12)

FT-ACTUARIES FIXED INTEREST INDICES

147,42 161,80 183,44 142,44

## Zhuhai deal may soften state stance on financing

By Sophie Root in Beijing

The success of a \$300m bond issue for an infrastructure company in China's Guangdong province this week has raised hopes that Chinese entities might regularly tap the international capital markets to finance the country's large infrastructure requirements.

The issue for the Zhuhai Highway Company - a special purpose vehicle formed to raise financing to build roads in the city of Zhuhai in southern China - was structured as a non-recourse financing, meaning the bonds are not backed by a guarantee from the Chi-

nese government. Instead, investors rely for repayment on revenue generated by the company. Under central government guidelines, foreign borrowing for infrastructure should be on the basis of the economic viability of projects, rather than the

support of the state. Revenue will come from an annual vehicle usage fee paid hy motorists registered in Zhuhai, and from tolls paid as

nomic zones. The Zhu Kuan Group - a municipally-owned enterprise, of which Zhuhai Highway Company is a part -has pledged support if there is an interruption in the revenue stream, or if the company has difficulty in finding foreign exchange to service its obliga-

Although a similar structure has been used to raise bank loans for infrastructure projects in China, this is the first time the country has successfully tapped the longer-term financing available in the capital markets. The deal is divided into two tranches: \$85m of senior notes due in 2006, and \$115m of snbordinated notes due 2008. The issue was lead-

managed by Morgan Stanley.

Bankers said the deal showed increasing flexibility the Chinese government in allowing new borrowers to access the capital markets. Traditionally, China bas restricted overseas bond issuance to a few select entities - mostly financial institutions

- worried that allowing less creditworthy entities to raise funds would damage the country's reputation vehicles enter the city, which is one of China's special eco- and, as a result, drive up

While the senior notes for the project were rated BBR hy Standard & Poor's - the same as China's sovereign rating the subordinated debt was issued with a speculative grade

Jus data

rating of BB. Both were priced at a much wider spread to US Treasuries than China's sovereign borrowings: the senior debt at 250 basis points and the subordinated debt at 475 basis points. A 10-year bond issue by China's ministry of finance at the beginning of July was over-subscribed at a price of only 110 basis points over Trea-

Mr Paul Coughlin, managine director at Standard & Poor's in Hong Kong, said It was the first speculative grade bood issue out of China.

China's decision to allow a municipally-owned, standalone company to issue in the market reflects a trade-off between the higher cost of borrowing and concern in the central government about its own potential foreign debt obligations if it continues to foot the hill - either directly or through guarantees - for the country's infrastructure

## SE-Banken arm launches Russia fund

By Greg McIvor in Stockholm

Enskilda Securities, the investment banking arm of Skandinaviska Enskilda Banken, the Swedish bank, is to launch a oew listed equities

fund for the Russian market. The fund will be open-ended and have an initial target size of \$50m, putting it at the larger end of the 16 or so international securities funds cur-

**BENCHMARK GOVERNMENT BONDS** 

reotly investing in Russia. The fund will be listed on the Irisb stock exchange, and will be the first to include on its board top executives from large Russian listed companies. These include Mr Anatoly Daursky, chief executive of Red October, the confectionery producer; Mr Leonid Fedun,

vice-president of Lukoil, Rus-

sia's largest privatised oil com-

pany; and Mr Sergey Rumy-

antsey, vice-president of Mosenergo, the power utility. Enskilda said it was the first hig fund to launch in Russia since last month's presidential elections. It will invest in liquid stocks, with an emphasis

with blue-chip potential, as well as growth stocks. Mr Paul Leander-Engström. partner at Westman & Leander Investment Management in

on undervalued companies

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Oct Now

Stockholm, which is advising Enskilda, said he expected Russian banks to switch assets from fixed-income markets into equities, following the victory of President Boris Yeltsin.

and mutual funds.

## **Exchanges study banking link**

By Laurie Morse in Chicago

The world's two largest futures exchanges are edging toward consolidating operations. under pressure from their institutional memberships to reduce clearing costs.

While a full merger is not likely, the Chicago Board of Trads and the Chicago Mercantile Exchange are about to sign a letter of intent to pursue common banking.

They have also agreed to pay EDS, the US computer services group, \$1.4m to explore cost-sevings from consolidating reg-

5.55 5 yrs 6.39 15 yrs 7.40 20 yrs 7.36 irred.†

Wed Jul 31

146.90 160.78 182.79 142.18

0.08 0.35 0.51 0.36 0.28

ulatory, clearing, technical and order delivery operations in Chicago, Unlike London, Chicago'a big futures exchanges have separate clearing and settlement systems.

The EDS studies are expected to be completed before the end of the year. Common banking will enable the clearing firms that do business on each exchange to effect settlement of trades with a single transaction through a common account at a bank. This will trim member firm costs and reduce risks to the payment system.

7.30 8.12 8.22

2.56 3.76

7,82 8,19

Aug 1 Jul 81 Yr. ago

7.30 6.06 8.16

agreed common banking with the New York Mercantile Exchange, although that facility is still under development. Mr Merton Miller, the Nobel Prize-winning economist who is leading the exchanges' consolidation talks, says US futures exchanges, including the Nymex, may have multilateral banking by the time the CME/CBoT project is complete. This is the latest effort by

the Chicago exchanges to streamline operations. A similar joint venture formed five years ago was disbanded.

7.98 8.18 8.24

Market de la c

Star Star

Aug 1 Jul 31 Yr. ago

Aug 1 Jul 31 Yr. ago Aug 1 Jul 31 Yr. ago Aug 1 Jul 31 Yr. ago

7.83

7.35 2.13

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ín Iden	8.800 6.000	04/08	\$9.9500 86.2967	+0.750		8.71 8.27	8.92	Strike			<u> </u>			- PUTS -	
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ND FUTUR	EJ AN	y UP	I IURO					106	0-23				)-63 1-5		2-27
								109	0-09				-49 2-4		3-08
nce								Est. vol. to	tal. Cats 1846	Puts 207. F	Tevious day	a obed juf	, Case 28178	Pubs 21502	
OTIONAL FRENC	H BONG I	TURE	S GMATIF) FI	F1500.000				Ecu							
Open	Satt price			Low	Est	vol	Open int.		OND FUTUR	NES (MATI	F) ECU100.	.000			
123.24	123.32	+0.04	-				188.208		Open	Sett price		High	LOw	Est. vol.	Open In
121.92	121.98	+0.06	122.00	121.7	2 2,36	34	34,023	Sep	91.72	91.78		81.90		1,421	8,366
121.70	121.74	+0.04		121.5	8 21	3	3,557	Dec	90.06	30.08	-0.02	90.08		305	100
NG TERM FREN			45 (MATIF)												
-	CAI		Ces	C	PUTS	_	Dec	US	-			•			
Sep			Dec	Sep 0.05	Oct		0.60	US TR	EASURY BO	שדעק מא	ALES (CBT)	\$100,000	32nds of 10	30%	
	. :		1.80	0.07	0.47		0.86		Open	Latest	Change	High	LON	Est. vol.	Open in
1.49		•	1.27	0.18	-	•	1.22	Sep Dec	108-04 108-19	109-02 108-18	-0-02 -0-03	109-10 108-20			439,620 19,868
0.27			0.42	6.43			-	Mer	108-07	107-30		108-07			3,931
al total, Culu 9,523	Puby 10,67	S . Previo	ope day's ope	m Int., Call	119,187 F	ues 13	X3,860.								
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many	and the second								MAL LONG			OVT. BO	ND FUTUR	163	
TIONAL GERMA	W BOWD	TURE		M250,000		<u> </u>	<u> </u>	(LIFFE)	Y100m 100						
Open	Sett price	-	_	Low	Est		Open int.		Open	Close	Change	High	LOW	Est. vol	Open in
87.13 96.05	97.26	+0.21 +0.22	98.36	96.85		_	234391 10653	Sep Dec	118.88 117.71			119,30 117,98		2347 460	n/a.
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on 19pc 1995	9.88 5.78 12.80 5.76	101 <u>3</u> 1031 <sub>2</sub>	104人	161,5 To	es 74gc 200	B#	7.63	7.54 994	+3 1034	7	20C 703	(78.3) (78.6)	2.95 3.49 3.22 3.83 3.29 3.65 3.40 3.88 3.49 3.72	1134 +13 1814 +13 1768 +4	101 17: 17: 17643 17: 11643 11: 18545 1
2pc 1997	10.23 5.73	1024	10645	1025	ns 8pc 2002 ns 11 kpc 20			7.85 101 7.85 1205	+13 10433	9755 41	CE 194#	135.6	3.29 3.65	1153 +3	1161 11
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**Apr 19982** **Apr 19982** **Apr 1909	6.74 6.27 11.13 6.5% 10.78 6.5% 10.78 6.5% 10.82 6.73 10.82 6.73 10.83 6	1 114 A	- 1145 - 1054 - 1064 - 1124 -	105½ 0mm 112½ 0mm 112½ 0mm 116½ 0mm 116½ 1mm 116½ 1mm 116½ 1mm 116½ 1mm 116½ 1mm 116½ 1mm 116½ 0mm 116	w Spc Lo 201 en Spc 2012; es Signe 2013; es 74,pc 2013; es Apri 2015; es 84,pc 2015 h 12,pc 2011; as Spc 2021;	7#	# 7.02 # 811 # 8.02 6.13 6.13 6.29 8.93 6.14	8.11 1074 15 7.86 764 8.14 994 8.15 964 8.14 982 8.19 1056 8.24 1345	+월 112일 +월 113일 +일 103일 +일 103일 +일 104일 +일 104일 +일 141일 +일 141일 +일 98일	104% facts 104% facts 104% facts 104% facts 153. Other 153. Other 153. Asign a facts 133. Asign facts 133. Asign facts 133. Asign facts 145. Lines 145. Li	or rebesting or 3.945. RF 0.0  Dev 10/40c 27  of Cap 19/40c 27  of Cap 19/40c 27  of Cap 19/40c 25  of Cap 19/40c 25  of Cap 19/40c 25	Notes price of RPP is of R	to 100 in February 20 in 100 in February 20 in 1995:  terest  terest  #### #### #### ####################	Price £ + er -  114h	- 52 week 19 100 11 100

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x-im Bank Japan 8 02	500	1033	105		6.79	YEN STRAIGHTS						(Marrie)	Ble	Q6		ᄄ
x-Im Bank Japan 8 02 . Separt Dev Corp 91 <sub>2</sub> 98 .	150°	1005	1054	+4	8.34	Beiglum 500 75000 Credit Forcier 4 <sup>2</sup> 4; 02 75000	1097	100%		2.00	Abbey Netl Treasury -1: 00 .	1000	90.60			54
od Home Loan 7 <sup>1</sup> , 98	1500	. 57 100	57°s	44	7.02 6.48	Credit Fonder 44; 02 75000 E8 65; 00 100000	108	108 <sup>3</sup> 4 115 <sup>5</sup> a		3.26 2.18	Burkemerica 1 <sub>2</sub> 98	2000	98.95			57
60sel Neil Mort 7,40 04	1500	1034	10312	+14	6.98	Parky Sant James 43- 69 495000	1001	1083		3.09	CCCE D 96 Exu	200	98.98	99.	.75	42
inland 6%, 97 ord Motor Credit 6%, 98	3000	1007	101	410	8.13	Inter Amer Dev 74, 02 30000	1181	1183	ų,	221	Commercial Off Fin -1 98	750	99.80			5.3
ord Motor Credit 64; 95 leneral Mills () 12	1500	244	25%	44	6.48	Tally 3 <sup>1</sup> 2 01 200000	1037	1024		272	Credit Lycerole & 02	1260	95.18			52 50
Finance 514 08	650	07/2	974	7	6.41	Inter Amer Dev 74, 02 30000 tely 342 01 500000 tely 5-04 200000 Japan Dev Bt 5-99 100000	109%	103/2	4	1.90	Denmark -1 <sub>9</sub> 87 ,	1000	90.98		02	5.4
Nor-Armer Day 61- 98	1000	SA2	9474		7.02	2000 Pay RE 0-3 01 22003	1184	119	_	253	Draedour Phance & 99 DM .		100.00			3.3 50
ter-Amer Dev 7½ 00 & Phones 5½ 00	500	97%	103	41,4	7.06 6.20	SNCF 84 00 30000 Spain 54 02 125000	1152	1184		220	Fed Nat Most - 00	1500	99.67			55
16 Finance 5 <sup>1</sup> 4 (00	2000	943	951g	+7	7.04	Sweden 4% 98 150000 World Benk 54, 02 250000	1047	1054		1.33	Financi -1 <sub>8</sub> 98	500	100.00	100	17	5.5
#y 67 <sub>2</sub> 23	3500	4001-	915 1061 <sub>2</sub>	+13	7,79	World Benk 514 02 250000	1132	1135		286	May 4 00	500	100.40			8.73 5.00
Ones Blac Power 6% 00	1350	95	95	4	6.71 7.40	OTHER STRAIGHTS					LICE Beden-Wort Fin -1 98	1000	89.95			5.47
Interestin Elec 7 <sup>1</sup> 4 02 Interio 7 <sup>3</sup> 6 03 Inter Kontrollbank 8 <sup>1</sup> 2 01	100b	1023	102	41	6.88	Bayerlache LE Giro B <sup>2</sup> s 04 LFr _ 2000		100		6.79	Lloyds Bank Perp 8 0.10	800	85.16			5.35
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orașel 5 4 03	1000	983	B3*	+14	696	ABN Amo 65 00 F 1000	704%	106	434	5.76	Move Scotta & 99	500	99.98	100	07	56
ortugal 63; 03	150	106	1083	**	8.96	Austra 8/2 99 Fl	1047	104	•	4.72	Portugal & SO DM	<u>2000</u>	100.02			5.40
A\$ 16 99	200	1007	104 <sup>1</sup> e	al.	6.54	Sell Carecte 10% 99 C\$	1004	110%	42	8.88 7.41	Quabec Hydro 6 99	50G	100.23			3.44 5.86
ML2- 9/2 921		TLES?	105%	واله	6.37	Caracia Mag & Hag 84 98 C\$ 1000	105	105	古古古古古	6.51	Plenfe II 98 Spain - 12 CZ DM	500	99.77	99.	91	54
pein 6 <sup>1</sup> 2 99 wadan 8 <sup>1</sup> 2 03	1500	100%	1007	+12	6.40	BB 10 <sup>1</sup> 2 96 CS 130		107	+10	5.86	State Sk Victoria 0.05 98	2000	100.07			3.34 5.8
ennance Walley B 00	1000	984	95%	+1	6.83 6.62	Bec de Remos 94; 00 CS 275	1111	189	+12	8.35 7.08	Sweden -1 01	2000	99.94 99.92			5.B
Program Valley 6 <sup>5</sup> g CS . Nyo Eleo Power 6 <sup>5</sup> g CS			967	44	8.90	Now Set Fig 10 01 CS 400 Nippon Tel Tel 104 98 CS 200	110	1103	+12	6.67						-
the Bac Power & CS.	1900	98	954	+1	6.86	Ontario 8 03 CS 1500 Dratario Hydro 10% 99 C\$ 500	1037	1047	+1	7.50	CONVERTELE BONDS					
oyota Motor 5% 98 Med Kingdom 74 C2	3000	1034	1033	414	6.18 6.60	Osler Konkulbank 10% 89 CS 500	1003	1104	ولب داده	6.53			rice	BH Q	Ger I	
BE Disney 6-8 01	1300	98/2	957	+7	6.67	Quebec Hydro 7 04 CS	96 <sup>1</sup> 4	9612	+1	7,78	Aller Lyons 5% co 2				-	_
kald Elimik 6 <sup>3</sup> g 05 kald Elimik 8 <sup>3</sup> g 00	1500	957	97 106 <sup>1</sup> 2	+11	6.96	Ouebec Prov 10 <sup>2</sup> 2 99 C\$ 200	106	100	-4lo	6.31	EE Prienca 84, 98 £	436		99 10		427. 32.
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# MARKETS REPORT Soft US data help ease exchange rate pressures In Europe, the Bank of from RA.5075. In Europe, the Bank of from RA.5075. don, believes that it will, in a month's time, when German rates resume their downward path, allowing "hish-yielders" of other factors, none

US interest rates.

The nervous performance of the dollar on Wednesday had left it vulnerable to stronger data which would have invited speculation that the Fed was too accommodating in fighting inflation.

The dollar closed in London at DML4736, from DML4728. It was off an intra-day low of DML4693. Against the yen it finished at Y106.755 from

Trading was dampened by the proximity of the August US payrolls report, which is released today. It is the most closely watched monthly economic release in the world, and five out of the past six months it has come in above expectations, oftan causing sharp moves in financial markets.

Markets had a slightly calmer day yesterday after the US purchasing manager's index came in below expectations, easing expectations of an early rise in US intersect— The best performing currency was the lira which rallied to finish at L1,027 against the D-Mark from L1,033 on Wednesday.

The pound had an unevent

ful day, with the trade-weighted index finishing at

84.7 from 84.6. Elsewhere the South African rand's troubles continued as it little as 25 basis points. fell to fresh historic lows Mr Avinash Persaud, curagainst the D.Mark and ster-ling. Against the pound it closed at R7.015, having earlier reached e new low of R7.0455. It was more stable against the dollar, finishing at R4.5050,

1,5570 1,5565 1,5584 1,5577

important intervention rate unchanged at 3.55 per cent. The best performing currency was the lira which rallied to markets were now barely discounting any tightening in US

interest rates at all.

Mr Tony Norfield, UK treasury economist at ABN AMRO in London, said that it now seemed possible that the Fed might only raise rates once

rency strategist at JP Morgan in London, said this scenario augured poorly for the dollar since the expectation of rising interest rates had been the main factor behind the rally in the dollar earlier this year.

Mr Persaud said that there was a chance in the short term that buoyant US asset markets would help the dollar. But in the medium term, he said, the removal of one of the dollar's

to do the same. But there are risks in the interim. Ms Cottrell notes that

"key props", in the form of higher rates, introduced the risk that it would test the

DML45 and Y105 levels.

Mr Norfield said the the fragile growth scenario in Europe, which required lower interest rates, should help the dollar. Whether this benign environment will unfold is a moot point. Ms Alison Cottrell, ana-

lyst at Paine Webber in Lon-

don, believes that it will, in a about the resignation of Mr

when the dollar rises or falls against European currencies, the D-Mark responds disproportionately. A Catch-22 situation, however, has arisen. "If the D-Mark is now less dispro-portionately exposed to a dollar move, thanks to an integrating core European bloc, it has simultaneously become more vulnerable to any threats to the EMU timetable." But as Ms Cottrell points out, one of the key threats is a weak dol-lar. If current trends were to continue, they could cause

ments defy ready explanation. The weakness in the Sou African rand is e case in poi A string of background fact are called in aid - rumo

serious tensions in Europe.

Chris Stals, governor of the Reserve Bank, the low level or foreign reserves, and a string of other factors, none of which

Little more can be said than that investors are disinclined to huy a currency if they believe it will be weaker the next day, no matter how

undervalued it is today. Worrying, however, is that this weakness takes place against 6 backdrop of a weak ised among exotic currencies. Mr Steve Jennions of Banque Indosnez in London notes that the Czech koruna is at an all time high, while Brazil and Mexico were unmoved by recent changes in Argentina.

	OTH	R CURR	BICE	5				
ove-	Aug 1	3						
ion.	Creek Rp	41,0685 - 4	1.1238	26.3626	- 25,4020			
uth	Harry	231486 - 2	32.090	148,080	- 146,010			
	i and	4572.80 - 4						
int	Comment of	E-4853 - C	L4853	22000	- 0.2994			
OIS	Points	4.2046 - 4	2133	2,7010	- 2,7050			
urs	Processie	3133.76 · 2	143,13	5225.00	5228.00			
шь	UAE	5 <i>7</i> 162 - 5	J211	3.5720	3.6730			

MONEY RA	1ES							
August 1	Over	One	रिश्वक्ट रामीक	Stx mths	One	Lomb.	Des.	Repo
Belgium	314	34	34	3.	3%	7.00	2.50	
week ago	314	34	34	3.	345	7.00	2.50	-
France	34	30	3%	312	45	3.55	-	5,60
week ago	3%	32	3%	53	32	3.55	-	5.00
Garmany	3%	31	38	34	34	4.50	2.50	3.30
Week ago	3%	334	34	34	38	4.50	2.50	3.30
Iretand	54	514	6%	5E	5%	-		6.25
week ago	54	514	514	54	65	-	-	6.25
Italy	88	8%	68	825	84	-	8.25	8.73
week ago	82	8%	8	B%	83	_	8.25	8.85
Netherlands	21	28	314	3%	8%	-	3.00	3,30
week ago	28	28	3	34	313	-	3.00	3.30
Switzerland	2%	274	24	21/2	2%	5.00	1.50	-
week ago	12	274	21/2	21	22	5.00	1.50	-
US	5%	5.4	54	54	63	-	5.00	-
week ago	5%	54	54	57	64	-	5.00	-
Japan	ž	2	**	E	14	-	0.50	-
Week ago		4	*	- 34	174_		0.50	
# \$ LIBOR FT LA	ndon							
Interbank Fishing	-	51	56	50	64	-	-	-
week ago	-	5	574	5	65	-	-	-
US Dollar COs	-	5.24	5.37	5.48	5.76	-	-	-
week ago	-	5.24	5.34	5.47	5.76	-	-	-
ECU Linksed De	-	413	4%	4.3	415	-	-	-
Week RGO	_	411	44	44	4.7	-	-	_
SDR Linked De	-	314	316	316	374	-	-	-
week ago	_	314	353	31	36	-	-	_
S LIBOR (rearbank Bd at 11gap such world: Westparatur. Michigans are shown	of chay. Th	to banks i	ans. Plants	ers. Truet,	Bursk of	10kyo. Ba	ectoys ar	nd Name
EURO CURI								
Aug 1	Short	7 day	s (	One onth	Three	Se		One

WORLD INTEREST RATES

Aug 1			r clays notice	One	Three months	Six	One year
Belgion Fran	E 3H	· 3/4 3		34 - 34	334 - 34	37. 33	35 - 31
Denish Kron				34 - 34	4 34	4 . 37	4,5 . 4,5
D-Mark	318	- 314 3		34 - 34	34 - 34	3,4 3,1	34 - 34
<b>Dutch Guild</b>	er 2%	. 24 2	2 - 2	3 - 233	31s - 34	34 - 3,2	312 - 37
French Fran	c 35a	- 31 <sub>2</sub> 33	3 - 315	313 - 3.3	34 . 36	311 - 313	45 - 3
Portuguese:	Esc. 713	- 743 7		7,4 . 73	73 73	713 - 74	73 - 7
Spenish Pes				712 - 743	74 - 72	7.4 - B.7	1
Starting	5%			53 - 53	533 - 533	514 - 54	65 - 5
Swies Franc				24 - 24	212 - 27	24 . 24	24 - 25
Con. Dollar	44	له وله .		4,4 - 4,5	418 - 418	411 - 42	513 - 5
US Dollar	512	- 63 5	- 57	514 - 54	55 5 6	512 - 55	64 - 5
Italian Line	934			Bil - Bil	814 B	812 · BH	B43 - B4
Yen			11	4 . 4	12	4 . 4	1,3 - 1,
Asian SSing				37 . 34	312 - 376	312 . 37	35 <sub>2</sub> - 31
Short term or							
E THREE	MONTH	PEROR PU	TURES (A	ATIF) Parts	Interberk	offered rase	(FFr 5m)
	Open	Sett price	Change	e High	Low	Est vol	Open is
Sep	96,09	96.05	_	96.09	96.03	15.362	58.040
Dec	95.97	95.96	-	95.96	95.95	6.264	51,08
Mar	85.85	95.84	+0.01	95.87			31,290

Con. Dollar					4% - 4%	411 - 41	573 - 5
US Doller					54 54	514 - 55	6le - 5iè
Italian Linu		B <sub>14</sub> B <sup>3</sup>	- B4 B	- Bre	B,4 - B,4	812 · BH	B13 - B14
Yen	12		- 34		7 . 7		110 170
Aslan 55ing				2 • 34	312 - 31	315 - 37	35g - 31g
Short term re	MONTH MONTH	for the US P	URES (MA	n, others: t .TIF) Paris	Interberk (	nice Offered rase	(FFr Sm)
	Open	Sett price	Change	High	Low	Est vol	Open rit
Sep	96.09	96.05	-	98.09	96.03	15.362	58,040
Dec	95.97	95.96	-	95.96	95.95	6.264	51,081
Mar	85.85	95.84	+0.01	95.87	95.82	1,930	31,290
THREE	HTHOM	EUROMARI	t Purum	S (LIFFE)	DM1m po	wits of 100%	
	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.87	96.68	+0.02	96.70	96.66	23006	166102
Dec	96.50	96.64	+0.03	96.65	96.58	34483	223841
Mar	96.35	96.40	+0.04	96.42	96.32	30372	191309
Jun	96.03	96.09	+0.05	96.10	96.00	21315	123907
THREE	MONTH.	EUROLINA	FUTURES	(LIFFE)" L	1000m po	ints of 100%	
	Open	Sett price	Change	High	Low	Est, vol	Open int.
Sep	91.58	91.63	+0.06	B1.54	91.51	12791	57535
Dec	92.04	92.07	+0.06	92.08	91.96	9436	39603
Mar	<u> 92.22</u>	82.25	+0.05	92.26	92.18	1527	22318
AUT)	92.24	32.27	+0.07	82.27	92.19	941	13711
THREE	MONTH	EURO SVIIS	S FRANC	FUTURE	S (LIFFE) S	Frim points	of 100%
	Open	Sett price	Change	High	Low	Est. vot	Open int.
Sep	97.51	97.55	+0.03	97.57	97.50	8111	29651
Dec	97.A1	97.45	+0.04	97.47	97.39	3695	26672
Mar	87.20	97.24	+0.04	97.25	97.18	1141	10824
Jun	96.92	96.95	+0.02	96.96	96.91	321	2602
THREE	MONTH	EUROYEK I	UTURES	(UFFE) YI	00m point	s of 100%	
	Open	Sett price	Change	High	Low	Est vot	Open int.
Sap		99.17	-0.02			0	n/a
Dec	98.84	98.88	-0.01	98.88	96.B3	1720	n/a.
Mar		96.8D	-0.01			0	n/a
THE PERSON	HOHTH!	CU FUTUR	ES (LIFFE	Ecu1m p	olnts of 10	096	
	Open	Sets price	Change	High	Low	Est. vol	Open int.
Sep	96.57	95.90	+0.03	95.80	95.56	1141	9393
Dec	95.54	95.59	+0.05	95.60	95.53	764	5878
Mar	05 30	05.45	+0.05	DS 45	05 90	227	2020

#### POUND SPOT FORWARD AG 10.3840 10.3450 10.3505 2.3 10.3085 2.4 30.4150 30.2970 30.315 2.2 30.2 2.2 6.7028 5.8511 5.8874 1.8 5.8704 1.7 4.4955 4.4748 4.4829 1.7 4.4709 1.8 5.0124 4.9811 4.9883 1.7 4.981 1.7 1.4761 1.4889 1.4711 2.0 1.4853 2.2 286.220 233.870 236.745 -8.6 240.085 -8.6 1.522.3 1.5152 1.5185 -0.4 1.5196 -0.4 1.5196 -0.4 1.521.50 1511.27 1518.5 -3.8 1529.65 -3.4 30.4150 30.2970 30.317 2.1 30.2105 2.1 1.5567 1.5485 1.5494 2.4 1.8422 2.5 6.320 8.3511 6.3805 0.8 6.355 0.5 152.520 151.280 151.915 -2.5 152.505 -2.4 2.6.6093 6.5625 6.5688 0.2 6.5712 -0.1 1.2032 1.1955 1.1973 3.5 1.1898 3.7 1.5594 1.5542 1.5568 0.3 1.5567 0.1 1.2794 1.2743 1.2761 -0.7 1.2797 -0.8 10.3700 107.3 108.1 85.2 109.8 109.5 67.4 98.5 78.0 107.3 107.8 96.8 95.5 80.2 89.2 (L) 2357.14 (LFr) 47.2907 (Ff) 2.5734 (Nicr) 8.9069 (Ed) 236.064 (Pia) 195.833 (Sicr) 10.2300 (SFr) 1.8696 (E) 1.2192 (L) 1513.75 (LF) 30.3700 (F) 1.8527 (NO) 5.3655 (Es) 151.600 (F) 125.635 (SKr) 6.5697 (SF) 1.2008 (C) 1.5572 1.2773 - 1,2192 - 1,053100 1.2212 1.2174 . 1.2179 1.3 1.2149 (Peac) 1,5550 (PS) 1,5739 (CS) 2,1376 W Peac) 11,7775 (S) 1,5572 +0,0007 732 - 748 -0,0024 366 - 386 -0,051 702 - 848 +0,0001 567 - 578 1,5788 1,5636 2,1428 2,1398 11,8203 11,7702 1.0108 +0.0005 106 - 108 1.3728 -0.0018 725 - 730 7.5635 -0.033 610 - 650 1,0140 1,0108 1,3758 1,3725 7,5720 7,5610 Cle Einst/Adrices (AS) 1:2950 +0.0012 947 - 955 1.2950 1.2940 (H105) 7.7345 -0.0012 340 - 350 7.7350 7.7357 (Re) 35.5000 -0.05 500 - 500 35.7000 35.3500 (ST4) 3.1436 -0.0115 410 - 462 3.1564 3.1404 (T) 108.755 +0.05 710 - 800 107.480 108.380 (AS) 2.4945 -0.001 940 - 950 2.4950 2.4930 (H27) 1.4546 +0.0145 641 - 652 1.4562 1.4631 (Peoc) 28.1950 -0.01 600 - 300 28.2300 26.1900 (SP) 8.7505 - 503 - 507 3.7507 3.7508 (SS) 1.4140 +0.0009 135 - 145 1.4145 1.4133 (F) 4.5060 -0.0025 000 - 100 4.5300 4.4870 (Wort) 813.150 +0.255 100 - 200 814.000 813.100 (13) 27.5180 +0.25 100 - 200 814.000 813.100 (13) 27.5180 - 450 - 650 25.2560 25.2440 2 Pacting/Middle 90.1 Australia Hong Kong India Israel Israe (AS) 2.0167 +0.0018 154 - 179 2.0179 2.0057 90.1 Australia (AS) Hong Kong (HKS) India (Ps) India (Ps) India (Ps) India (Ps) India (Ps) India Indi 108.31 5.0 105.41 8.0 101.67 4.8 2.4954 -0.4 2.5015 -1.1 2.525 -1.2 1.4677 -2.5 1.4735 -2.4 1.4981 -2.3 135.6 8.751 -0.1 3.7517 -0.1 1.4104 3.0 1.4044 2.7 4.5525 -12.7 4.8425 -12.2

	RATES	_	_	-														
	NGE CR													.7				
Aug	<u> </u>	BF+	DKr	FFF	DM .	12		- FI	. NKr	64	Ptn	SKr	· SFr	rr.C	C\$	*	<u> </u>	Ecu.
elgium	(BFr)	100	18.75	16.47	4.853	2.034	4964	5.441	20.95	499.3	413.6	21.63	3.952	2115	4,51B	3.292		2.578
enmerk.	(DKr)	53.33	. 10	8.783	2.588	1.085	2858	2.901	11.17	266.2	- 220.6	11,54	2.108	1.128	2,410	1.756		1.375
	(FFr)	80.71	. 11,39	. 10	2.048	1.235	302B	3,303	12.72	303.1	251.1	18.13	2.400	1.284	2.744	1.290		1.565
ermeny	(DM)	20,61	3.864 9.218	3.394 8.097	2.386	0.418	1027 2450	1.121 2.675	4.318 10.30	102.9	85.23 203.3	4.458 10.63	0.814 1.943	0.436	0.931	0.678	72.42 172.8	0.531
bland	627	48.16	0.376	0.330	D.097	0.041	100.	0.109	0.420	10.02	8.290	0.434	0.079	0.042	0.091	0.068		0.052
nly	. (4)	2.006 18.88	3.447	3.027	0.882	· 0.374	918.1		: 3.851	91.76	78.02	3.978		0.389	0.831	0.605		0.052
stherland		47.72	8.849	7.881	2316	0.971	2379	2,597	10	238.3	197.4	10.32	1,886	1.009	2.157	1.573	167.7	1,290
orwey.	(NKA)	20.03	3.756	3.299	0.972	0.407	998.3	1,090.	4.197-	100.	B2.85	4.333 -	. 0.292	0.424	.0.905-	0.650	70.39	- 0.518
ortugal Dain	(Car)	24.18	4.534	3.982	1.173 4	0.492	1206	1.315	5.066	120.7	100	5.230	0.955	0.517	1.083	0.798		-0.023
weden .	· · · · · · · · · · · · · · · · · · ·	46.28	-8.880	7.614	2.243	0.940	2504	. 2.515	- 9.686	230.8	191.2	10.	1.827	0.978	2.089	1.522		. 1.192
witzerland	(SFc)	25.30	4.745	4.167	1.228	0.515	1261	1.377	5.302	125.5	104.7	5.474	1 .	0.535	1.143	0.833		0.852
K		47.29	8.868	7.780	2 295	0.962	2357	2.573	9.909	236.1	195.6	10.23	1.888	1	2.137	1.557	168.2	1.218
made	· (C2)	22.18	4.150	3.645	1,074	0.450	1103	1.204	4.637	110.5	B1.53	4.787	0.875	0.488	1	0.728	77.77	0.570
3	(50)	30.37	5.696	5.003 -	1.474	0.618	1514	1.653	6.364	151.5	125.6	6.570	1.200	0.642	1.373	1	106.7	0.783
	m	28.45	5.836	4.687	1.381	0.579	141B	1.548	5.962	142.1	117.7	6.155	1.125	0.602	1.286	0.937	100.	· 0.733
aich (George	(Y) Franch Fran				1.381 1.863 in Kronor	0.579 0.789 per 10;	1418 1934 Belgion Fra	1,548 2,111 Inc., Yen, E					1.125 1.533	0.820	1.753	1.277	100. 136.3	1
nich (Gener	Portunes	38.79 c. Narweg	7.27\$ len Krorer,	5390 and Swedi per DM	1.863 In Kronor	0.789 per 10;	1934 Belgion Fra	2111	8.129 . icudo, Ura a	193.7 kg Page	. 160.5 te per 100.	8.392		0.820	1.753 Yen 100	1.277	136.3	1
cu mini (Groner D-MARS)	Prench Fran FETUMES Open	38.79 c, Norweg (BANA) Di Lansest	7.275 len Kroner, M 125,000 Change	per DM	1.863 th Kronor	0.789 per 10;	1934 Belgian Fra Est. vol	2.111 Inc. Yen, El Open Int.	8.129 cudo, Ura d	193.7 lost Page PANES	. 160.5 ta per 100. E YEN P	8.392 JTURES	1.533 (IMM) Yen	0.820 12.5 per	1.753 Yen 100	1.277	136.3	0.733
D-MARK	Portunes	39.79 c. Norweg (BMM) Di	7.275 len Kroner, M 125,000	per DM High 0.6812	1.863 th Kronor	0.789 per 10;	1934 Belgian Fra Est. vol 24,204	2.111 Inc., Yen., E	8.129 . icudo, Ura a	193.7 and Person	. 160.5 te per 100. E YEN PI	8.392 UTURES	1.533 (IMM) Yen Change	0.820 12.5 per High	1.753 Yen 100	1.277	136.3	Open Ini
D-MARK	Prench Fran FOTUNES Open 0.8803	39.79 c, Norweg (BANA) Di Langest CL6807	7.275 len Krorer, M 125,000 Change -0.008	per DM High 0.6812	1.863 th Kronor	0.789 per 10; per 10; 794 835	1934 Belgian Fra Est. vol	2.111 Inc. Yen, E. Open Int. 70,118	8.129 . Icudo, Ura d III JA	193.7 axi Pass	160.5 te per 100. E YEN P Open 0.9426	8.392 FFURES Latest 0.2415	1.533 (IMM) Yen Change -0.0022	12.5 per High 0.945	1.753 Yen 100 8 0.9 0 0.9	1.277	136.3 Est. vol 55,188	0pen Ini 66,377
D-MARK Sp Sc Sc	Prench Fran FOTUNES Open 0.8803	38.79 c, Norweg (MAN) Di Langest 0.6807 0.6807 0.6807	7.275 ion Kroner M 125,000 Change -0.0008 -0.0005	Per DM Per DM Per DM Per DM 0.6812 0.6853	1.983 sh Kronor Lo 2. 0.6 2. 0.6	0.789 per 10; per 10; 794 835	1934 Belgion Fra Est. vol 24,204 1,121	2.111 ms, Yen, E Open Int. 70,118 2,555	8.129 . scudo, Ura s III JA Sep Dec Mer	193.7 lext Page PARES	160.5 is per 100. E YEM P Open 0.9426 0.9557 0.9638	8.392 UTURES Latest 0.2415 0.9530 0.9638	1.533 (IMM) Yen Change -0.0022	12.5 per High 0.945 0.957 0.964	1.753 Yen 100 8 0.9 0 0.9	1.277- DW 1	136.3 Est. vol 55,188 422	Open Int 66,377 4,350
D-MARS	Prench Fran FOTUMES Open 0.8803 0.8842	38.79 c, Norweg (MAN) Di Langest 0.6807 0.6807 0.6807	7.275 km Krorer, M 125,000 Change -0.0005 -0.0005 -0.0015	5.390 and Swedi per DM High 0.681 0.685 0.685 0.685	1.883 th Kroner 2. 0.6 2. 0.6 2. 0.6 7. SFr	0.788 per 10; rper 10; 794 835	1934 Belgian Fra Est. vol 24,204 1,121 19	2.111 inc, Yee, E Open Int. 70,118 2,555 633 40,396	Sap Dec Mar Sap	103.7 PANES	160.5 te per 100. E YEN P Open 0.9426 0.9557 0.9638 A FETURE	8.392 Latest 0.2415 0.9530 0.9638 ES (MM)	1.533 (IMM) Yen Change -0.0027 -0.0027 -0.0027 -0.0027	12.5 per High 0.945 0.957 0.964 or E	Yen 100 8 0.9 0 0.9 4 1.5	1.277- 0 ow 1 1961 1503 1658	136.3 Eet. vol 55,188 422 1	0pen Int 66,377 4,350 143 51,855
D-MARK CONTRACTOR	Prench France FUTURES Open 0.6803 0.6842	38.79 C, Norwey (8AA) D Lanest C.8807 D.8852 0.8907 URGS (P 0.8373 0.8440-	7.275 km Krorer, M 125,000 Change -0.0005 -0.0005 -0.0015	Page 1 O. Se 12 O. Se	1.883 th Kroner 2. 0.6 2. 0.6 2. 0.6 7. SFr	0.788 per 10; per 10; 784 835	1934 Belgian Fra 24,204 1,121 18 25,750 248	2.111 Inc. Yen, E. 70,118 2,555 633 40,396 2,178	8.129 scude, Unit of JA Sep Dec Mar Sep Dec	103.7 PANES	160.5 te per 100. E YEN PI Open 0.9426 0.9557 0.9638	8.392 Latest 0.2415 0.9530 0.9638 ES (MM) 1.5566 1.5580	1.533 (BMM) Yen Change -0.0027 -0.0027 -0.0027 -0.0027 -0.0027	12.5 per High 0.945 0.957 0.964 or E	1.753 Yen 100 8 0.9 0 0.9 0 0.9	1.277- 0 0W 1 1961 1963 1968 1968	136.3 Est. vol   55,188 422 1	0pen Int 68,377 4,350 143 51,855 1,175
D-MARSI D-MARS	Pench France FUTUMES Open 0,5803 0,8842 RANC FUT	39,79 c, Norweg (BAM) D Lanest C.8907 D.8852 0.8907 URISE (B 0.8373 0.8440 0.8565	7.275 km Krorer, M 125,000 Change -0.0005 -0.0005 -0.0015	5.390 and Swedi per DM High 0.681 0.685 0.685 0.685	1.883 th Kroner 2. 0.6 2. 0.6 2. 0.6 7. SFr	0.789 per 10; 794 835	1934 Belgian Fra Est. vol 24,204 1,121 19	2.111 inc, Yee, E Open Int. 70,118 2,555 633 40,396	Sap Dec Mar Sap	103.7 PANES	160.5 te per 100. E YEN P Open 0.9426 0.9557 0.9638 A FETURE	8.392 Latest 0.2415 0.9530 0.9638 ES (MM)	1.533 (IMM) Yen Change -0.0027 -0.0027 -0.0027 -0.0027	12.5 per High 0.945 0.957 0.964 or E	1.753 Yen 100 8 0.9 0 0.9 0 0.9	1.277- 0 0W 1 1961 1963 1968 1968	136.3 Eet. vol 55,188 422 1	0pen Int 66,377 4,350 143 51,855
D-MARSI D-MARS	Pench France FUTUMES Open 0,5803 0,8842 RANC FUT	38.79 C, Norwey (8AA) D Lanest C.8807 D.8852 0.8907 URGS (P 0.8373 0.8440-	7.275 km Krorer, M 125,000 Change -0.0005 -0.0005 -0.0015	5.390 and Swedi per DM High 0.681 0.685 0.685 0.685	1.883 sh Kroner 2 0.5 2 0.8 7 SFr 9 0.8	0.789 per 10; 794 835	1934 Belgian Fra 24,204 1,121 18 25,750 248	2.111 Inc. Yen, E. 70,118 2,555 633 40,396 2,178	8.129 cudo, Ura e  Sep Dec Mer Sep Dec Mer Sep Dec Mer	193.7 and Pape PARES	160.5 th per 100. E YEM PR Open 1,9426 1,9426 1,9438 A PETURE 1,5562 1,5570	8.392 Latest 0.2415 0.9630 0.9638 88 (MM) 1.5566 1.5580 1.5590	1.533 Change -0.0022 -0.0027 -0.0027 -0.0027 -0.0028 +0.0028	12.5 per High 0.945 0.957 0.964 or £ 1.557 1.558	1.753 Yen 100 8 0.9 0 0.9 0 0.9 0 1.5 0 1.5	1.277- 0 OW 1 1361 1503 1638	136.3 Est. vol 1 55,188 422 1	1 Open Int 68,377 4,350 143 51,855 1,175
D-MARK D-	Pench France FUTUMES Open 0,5803 0,8842 RANC FUT	39.79 c, Norweg (8-8-Q Di Lasest C.8907 D.8852 O.8907 URSS (9 0.8373 O.8440 O.8565	7.278 lan Krone M 125,000 Change -0.0005 -0.0005 MM SP1 12 -0.0015 -0.0015	5.390 and Swedi per DM High 0.681 0.685 0.685 0.685	1.863 sh Kroner Le 2 0.57 2 0.86 7 SFr	0.789 per 10; 794 835	1934 Belgian Fra 24,204 1,121 18 25,750 248	2.111 Inc. Yen, E. 70,118 2,555 633 40,396 2,178	8.129 scude, Unit of JA Sep Dec Mar Sep Dec	193.7 and Page PANES EPILING	160.5 te per 100. E YEM P Open 0.9557 0.9557 0.9558 E PETURE 1.5562 1.5570	8.392 Latest 0.2415 0.9530 0.9638 EE (MM) 1.5566 1.5580 1.5590	1,533 (MM/g Yen Change -0,0027 -0,0027 +0,0026 +0,0026	12.5 per High 0.945 0.957 0.964 or £ 1.557 1.558	1.753 Yen 100 8 0.9 0 0.9 0 0.9	1.277- 0 0W 1 381 503 638	136.3 Est. vol 55,188 422 1	Open in 68,377 4,350 143 51,855 1,775 8
D-MARIN  D-M	Open Open OS803 0.6842 RANC FUY D.8367 0.8424	38.79 c, Norweg (8484) Di Lenset C.8807 U.8852 0.8907 U.8733 0.8440 0.8565	7.278 lan Krone M 125,000 Change -0.0005 -0.0005 MM SP1 12 -0.0015 -0.0015	5.390 and Swedi per DM High 0.681 0.685 0.685 0.685	1.883 sh Kroner 2 0.5 2 0.8 7 SFr 9 0.8	0.789 per 10; 794 835	1934 Belgian Fra 24,204 1,121 18 25,750 248	2.111 Inc. Yen, E. 70,118 2,555 633 40,396 2,178	B.129 Euclo, Ura a Sep Dec Mier Branch Aug 1	193.7 and Page PANES ENLING	180.5 te per 100. E VIEN P Open 1.9428 2.9557 2.9658 A FETURE 1.5562 1.5570 FOPE Ecu ce reles	8.392 Latest 0.2415 0.9530 0.9638 88 (MM) 1.5566 1.5580 1.5580	1,533 (IMM) Yen Change -0.0027 -0.0027 +0.0026 +0.0026 FFRENC	0.820 12.5 per High 0.945 0.957 0.864 or E 1.557 1.558 1.559 Change or day	1.753 Yen 100 8 0.9 0 0.9 4 1.5 0 1.5  HTT R/	1.277- 1.277- 1.361 1.503 1638 1556 1554	136.3 Eet. vol 55,188 422 1 9,856 25 1	Open Ini 68,377 4,350 143 51,855 1,775 8
P. MARINE P. C.	Pench France Open 0.8803 0.8842 RANC FUY 0.8887 0.88424	38.79 C. Norweg (B. Norweg C. Segur D.	7.275 len Krorer, M 125,000 Change -0.008 -0.0015 -0.0015 -0.0015 -0.0015 7 deys	5.360 and Sueda per DM Fight 0.6512 0.6552 0.6853 0.6853 0.8446	1.883 th Kroner 2. 0.6 2. 0.8 2. 0.8 7.8Fr	0.789 per 10; per 10; 794 835	1924 Belgian Fra 24,204 1,121 19 25,750 248 4	2.111 mc, Yen, E TO,118 2.555 633 40,596 2.175 86	S.129 sando, Ura i Sap Dec Mer E STI Dec Mer Le STI	193.7 Inti Pere	160.5 ta per 100. E YEM F 100. 100 per 100. 100 per 100. 100 per 100 p	8.392 Latest 0.2415 0.9630 0.9638 (MM) 1.5566 1.5580 1.5590 L. F. L.	1,533 (MMA) Yen Change -0.0027 -0.0027 +0.0028 +0.0028 +0.0028	12.5 per High 0.945 0.957 0.864 1.559 1.559 1.559 Change on day	1.753 Yen 100 8 0.9 0 0.9 0 0.9 4 1.5 0 1.5 0 1.5 0 1.5	1.277- 1.	136.3  Est. vol 55,188 422 1  9,958 25 1  % spream. v weedless 1,74	Open Int 68,377 4,350 143 51,855 1,175 8
D-MARM	Pench France Open 0.8803 0.8842 RANC FUY 0.8887 0.88424	38.79 C. Norweg (BAM) Di Lenset C.8807 U.8852 0.8907 U.8352 0.8507 0.8440 0.6565	7.275 len Kroner, M 125,000 Change –0.008 –0.0005 –0.0015 –0.0015	5.360 and Sueda per DM Fight 0.6512 0.6552 0.6853 0.6853 0.8446	1.863 sh Kroner 2. 0.67 2. 0.8 7. SFr 9. 0.8 0.0.8	0.789 per 10; 794 835 422	1924 Belgion Fre 24,204 1,121 19 25,750 248 4	2.111 mc, Yen, E. 70,118 2.555 633 40,986 2.178 86	Sap Dec Mer Sap De	193.7 and Peep PANESS FALSES Francis	180.5 ta per 100.5 ta per 100.5 ta per 100.0	8.392 Latest 0.2415 0.9530 0.9638 ES (MM) 1.5566 1.5580 1.5590 AN CU 6. 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	1,533 (MM) Yen Change -0,0027 -0,0027 +0,0028 +0,0028 +0,0028 +0,0028	12.5 per High 0.945 0.957 0.964 or E 1.557 1.558 1.559 Change on day	1.753 Yen 100 8 0.9 0 0.9 0 0.9 1.5 0 1.5 0 1.5 0 1.5	1.277- 1361 1503 1638 1554 1564 1564 1564 1564 1564 1688	136.3 55.188 422 1 9.958 25 1 % apress v weeks	Open Int 68,377 4,350 143 51,855 1,175 8
D-MARS	Pench Fran FUTURES Open 0.8903 0.8842 RANC FUT 0.8367 0.8424	38.79 C. Norweg (B. Norweg C. Segur D.	7.275 len Krorer, M 125,000 Change -0.008 -0.0015 -0.0015 -0.0015 -0.0015 7 deys	5.300 and Swede per DM High 0.681 0.685 0.	1.863 sh Kronor 2 0.52 0.68 7 SFr 9 0.88	0.789 per 10;  794 835 350 422	1924 Belgian Fra 24,204 1,121 19 25,750 248 4	2.111 mc, Yen, E TO,118 2.555 633 40,596 2.175 86	S.129 inudo, Ura i JA Sap Dec Mar E ST Dec Mar H ST Dec Mar H ST Dec Mar H St Dec Mar	193.7 and Page PANESS FILMES (Included)	180.5 ta per 100.5 ta per 100.5 ta per 100.6	8.392 Latest 0.2415 0.9530 0.9638 (MM) 1.5560 1.5590 AN C-U 0. Residual control contro	1,533 ((MAM) Yen Change -0.0022 -0.0027 +0.0026 +0.0026 +0.0026  FFRENC total 13445 12137 90246	12.5 per High 0.945 0.945 0.964 rr £ 1.557 1.558 1.559 Change on day +0.00022 +0.00022	1.753 Yen 100 8 0.9 0 0.9 0 0.9 1.5 0 1.5 0 1.5 0 1.5 0 1.5	1.277- 1 0W 1 1961 1961 19503 1659 1659 1659 1659 1659 1659 1659 1659	136.3 Est. vol 55,188 422 1 9,856 25 1 % apressor v weekless 1.74 1.38 1.31	Open in 66,377 4,350 143 51,855 1,775 8 1 Div. t inc.
D-MARIN D-MARI	Pench Fran FUTURES Open 0.8903 0.8842 RANC FUT 0.8367 0.8424	38.79 C. Norweg (B. Norweg C. Segor D.	7.275 len Krorer, M 125,000 Change -0.0008 -0.0005 AM SP 12 -0.0015 -0.0015 SS	5.390 and Sueda per DM High 0.6512 0.6853 0.6853 0.8440 One manth	1.863 sh Kronor 2. 0.5 2. 0.6 2. 0.8 0. 0.8 1. 54 1. 54	0.789 per 10; 794 835 350 422	1924 Belgian Fra 24,204 1,121 19 25,750 248 4	2.111 mc, Yen, E. 70,118 2.555 633 40,986 2.178 86	B.129 sando, Ura i B.JA. Sap Dec Mar B.Sap Dec Mer B.Sap D	193.7 and Page PANESS FILMES (Included)	180.5 ta per 100.5 ta per 100.5 ta per 100.5 ta per 100.6 ta per 100.9 ta per 100.9 ta per 100.9 ta per 100.5	8.392 Latest 0.2415 0.9530 0.9638 ES (MM) 1.5566 1.5580 1.5880 1.	1,533 (IMM) Yen Change -0.0027 -0.0027 40.0026 +0.0026 +0.0026 -0.0026 -0.0026 -0.0026 -0.0026 -0.0026	12.5 per High 0.945 0.957 0.964 1.557 1.558 1.558 1.559 1.559 1.559 1.559 1.559 1.559 1.559	1.753 Yen 100 8 0.9 0 0.9 0 0.9 1.5 0 1.5 0 1.5 0 1.5 0 1.5 0 1.5	1.277- 1 0w 1 1961 1503 1658 15564 1505 1658 1658 1658 1658 1658 1658 1658 165	136.3 55,188 422 1 9,856 25 1 1,74 1,38 1,31 1,25	Open Int 68,377 4,350 143 51,855 1,175 8
D-MARIN  D-M	Pench Fran FUTURES Open 0.8903 0.8842 RANC FUT 0.8367 0.8424	38.79 C. Norweg (B. Norweg C. Segor D.	7.275 len Krorer, M 125,000 Change -0.0008 -0.0005 AM SP 12 -0.0015 -0.0015 SS	8.390 and Sweds per DM Pegh 0.6812 0.6852 0.6853 0.6853 0.8444 0.8444 0.8444 0.8444 0.8444 0.8444	1.883 sh Kronor L.C. 2 0.5 2 0.5 2 0.8 0 0.8 0 0.8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	0.789 per 10; 794 835 350 422	1924 Belgian Fra 24,204 1,121 19 25,750 248 4	2.111 mc, Yen, E. 70,118 2.555 633 40,396 2.178 86	B.129 saudo, Ura e Sep Dec Mar Sep	193.7 Inti Pere PANES Fill Per	180.5 ta per 100.5 ta per 100.5 ta per 100.0 per 1.9426 0.9557 0.9638 A FETTURE 1.55670 Ezu ce rutes 1.939.3961 1.9100 13.4361 162.46	8.392 Latest 0.2415 0.9530 0.9638 ES (MM) 1.5566 1.5580 1.5590 AN CU R 201 3 13 13 13 13 13 13 13 13 13 13 13 13	1,533 Change -0.0027 -0.0027 -0.0027 +0.0028 +0.0026 +0.0026 +0.0026 +0.0026 -0.0026 -0.0026 -0.0026 -0.0026 -0.0026	12.5 per High 9.945 0.957 0.964 ir £ 1.557 1.558 1.559 1.559 1.559 1.00029 40.00029 40.00029	1.753 Yen 100 8 0.9 9 0.9 0 0.9 1.5 0 1.5 0	1.277- 1.361 1.361 1.563 1.563 1.564	136.3 55.188 422 1 9,956 25 1 % spread v weekes 1.38 1.31 1.26 0.99	Open Int 88,377 4,350 143 51,855 1,175 8
D-MARINE D-MARINE DD-MARIN	Rench Fran FUTUNES Open 0.8803 0.8842 RANC FUT 0.8887 0.8424	38.79 C. Norweg (B. Norweg C. Segor D.	7.275 len Krorer, M 125,000 Change -0.0008 -0.0005 AM SP 12 -0.0015 -0.0015 SS	5.390 and Sueda per DM High 0.6512 0.6853 0.6853 0.8440 One manth	1.883 sh Kronor 2 0.52 0.88 7 SFr 9 0.88 1 54 1 54 1 55 1 55	0.789 per 10; 794 835 350 422	1924 Belgian Fra Belgian Fra 24,204 1,121 19 25,750 248 4 Six months 2 534 2 554 5 554	2.111 mc, Yen, E. 70,118 2.555 633 40,396 2.178 86	B.129 sando, Ura i B.JA. Sap Dec Mar B.Sap Dec Mer B.Sap D	PANES	180.5 ta per 100.5 ta per 100.5 ta per 100.5 ta per 100.6 ta per 100.9 ta per 100.9 ta per 100.9 ta per 100.5	8.392 Latest D.2415 D.2415 D.9630 D.9638 ES (MM) 1.5566 1.5590 L.5590 L.5590 L.590 L	1,533 ((MAM) Yen Change -0.0022 -0.0027 40,0026 40,0026 40,0026 40,0026 40,0026 2,961 3,988 2,961 3,989 2,961	12.5 per High 0.945 0.957 0.964 1.557 1.558 1.558 1.559 1.559 1.559 1.559 1.559 1.559 1.559	1.753 Yen 100 1.05 0.	1.277- 1.361 1.361 1.563 1.563 1.564	136.3 55,188 422 1 9,856 25 1 1,74 1,38 1,31 1,25	Open Int 68,377 4,350 143 51,855 1,175 8

	Aug 1	Over- night	7 days		Three	Stx	One	Netherlands Beigkum	2.15214	2.13443 39.2137	+0.00022	-0. -0.
			57. 53	5H - 5B	51 61	57 - 54	6 <sup>1</sup> 2 - B	Garmery	1,91007	1,90248	+0.00089	-0.
	Interberik Starting	612 · 412	0.6 . 2.4	663 - 54	54 51	58 - 51	5h 54	Austria	13,4383	13.3889	+0.0061	-0.
	Sterling CDs	-	. :	521 . 412	53. Sla		016 - 0 1	Spein	162,493	182,351	+0.029	-0.
	Treasury 20ts			511 55	514 512 54 516	5% - 5%	-	Portugal	195.782	195,807	-0.212	0.
	Bank Siles Local authority depa	5H - 5R	54 - 55s	58 - 54	54 54 58 - 54	612 · 513	61 - 51	Impleme	0.792214	0.797480	-0.00061	D.
	Discount Market des		512 - 512	-32		-10		France	8,40808	6.48154	+0,00566	0.
								Deomerk	7.28580	7.35181	+0,00306	u.
	LIK clearing bank bi	ne mone in	Up to 1	1-8	3-6	6-9	9-12 -	NON ERM M	292,867	303.594	+0.249	3.0
			month	month	. months	· months	months.	Rade	2106.15	1959.62	-6.08	-6.5
				_	- 5		43	DK .	0.786852	0.829045	-0.001202	5.
	Corts of Tax dep. & Corts of Tax dep. unth Ave. tender mits of dis- Jul 81, 1986. Agreed a rate to period Jun 28, from Jul 1, 1995 If Typings: MIONITI	# 6400,000 is 2 pount on Jul 26 sie for period 4 1995 to Jul 31			ter cash 1 <sup>1</sup> er ste 8tb. Sept 996, Scheme 811pc. Feren		eles up dev o. Reference re Rate Spc	Percentage che ratio between to for a tazreno, a	appearance for the prof the mendra	ropeen Control out a positive che in percentage diffi urb permitted per to suspended into AS OPTIONS	ngo dendisa a wanco batwaan maningo disvisii	the actu on of the
				High	Low	· Est. vol		Strike		- CALLS -		
	- Oper		+0.03	94.27	94.22	13392	80644	Price	Aug .	. Sep	Oct	Αug
	Sep. 84.24		+0.04	84.18	94.13	. 13372	102649	1,530	2.52	2.76		0.03
	Dec. 84.15		+0.04	93.94	93.87	8560	66438	1.540	1.72	2.09	2.44	0.14
•	May 93.89		+0.05	22.58	99.48	2908	44910	1_550	1.02	1.47	1.84	0.43
. )	Jun 93.49		+0.05	93.13	93.07		32197	1.580	0.51	0.97	1.35	0.97
	Sep 93.07							1.570	0.20	0.80	0.95	1.66
	Also toded on APT.	A Chart Interes	K tiga. are x	Previous 4	<b>07</b> .					Pute 6,300. Pro		
	SHORT STEEL	NO OPTICE		500,000 p	oints of 100	%						
	Strike		US			PUTS -		II THREE M	CHITH EUR	ODOLLAR (IL	M) \$1m point	100 to se
		Sep D		MW	Sep	Dec	Mar		Open 1	stest Char	oo High	· Lo
	9426 0	.00 0.		1.1B	0.07	0.22	. DAB	Sup	94.22	4,22 -	84,24	94.
	\$450 · 0			1.09	0.26	0,38	0.86	Dec		3.91 -	98,92	93,
	9475	0 - 0.		1.04	0.49.	0.60	0.58	Mar	<b>93.77</b>	32.76	93.78	93.
	Est. vol. total, Cally 4	µ Put 2980.	Previous day	s open int	Calls 132744	PLES THESE		III US TRUAS	HEY BILL	FUTURES (M	Mi Sim per 1	00%
	***							· <del></del>		4.73 -	94.74	
			•							4.52 -	94,52	94
								Mar		4.37 -	<i>p</i> -22	
		BAS	E LENE	HNG R	ATES			AE Open, interes	t figs. are for	breatous day		
		· %	<del></del>		*	,	*		KK OPTION	E (LIFTE) DM1	m points of 1	00%_
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	Alled Trust Bank	E 78	Exater Bank	Limited	.,,	ex & Frieds		Price	Aug Se	ab Oct	Dec /	وعا
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	Bank of Ireland		fambros 84	and four Page		tom Trust	5,75	Ot No.		CALLS -		
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7 -	Committee & Co.	LH 5/5	Leopoid Jose	ch & Sore		restment Bar	ang .	Hat wat lotal C	300 S25 PLSS	O. Provious day	a obeu luc" Ce	- 2350
	Cathorik NA	5.75	Insete Rente		3.75	acciation :		I EUROLER	OPTIONS	(LIFFE) L1000	a points of 1	00%
	Charlesolule Rillie		Jegranj Bari	k 1.10	5.75.	CHARLES OF						
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	Craffe & CO	······································	Annual Property	Corp f	100			Price	Sep			Sep
	Credit Lyconate				~>			9150	0.24	0.66	0.92	0.11
	Cyprus Populat Bar	M-3-40	Rea Brothed		5,75			9175	0.11	0.60 -	0.23	0.23
				•				9200	D.05	0.35	0.57	0.43
								Est vol total, C	985 Pas	570. Previous d	ny's open in., (	Culs 674

Greece	292.86	37 303.		1249	3.66	-2.86	
linky	2106.1				6.96	B.A5	
UK	0.78683	2 0.829	MS -0.00	1202	5.39	-4.25	-
Persentage ratio betwee for a current Ecu control	retes set by the charges are for en two aprecia: any, and the man mate. String and itsite.	Sour a positive tre percentage driving permitte	difference be difference be difference be	this a weak Reven the A Sevintion of	Conversely. Characteristics	Devergence and Equ acy's market	opposes the contras man regio from t
Strike		- CALL		,		PUTS	
Price	Aug	Sep	Oct	Au	g	Sep	Oct
1,530	2.52	2.76	-	. 0.0		0.32	0.81
1.540	1.72	2.09	2.44	0.1		0.57	0.92
1.550	1.02	. 1.47	1.84	0.4		0.95	1.32
1.580 1.570	0.51 0.20	0.97	1.35 0.95		-	1.46 2.08	1.82 2.42
	4.20 پوئو برمائي Calls 5,			. 1,6			
. ·	Open 94.22	1-stest (		High ·	Low 94.21	Est. vol 49.882	Open in
Sep	91.22	94,22 93.91			94.21 93.67	49,882 91,589	397,038
Dec Mar	93.77	92.76			93.73	84,169	278,77
Dec Mar	. 94.52	94.52 . 94.27	-	4.52	94.52	118	1,741 401
	MAJK OPTH			of 100%			
Strike		CALL				PUTS -	
Price	Aug	Sep O		Aug	Sep	Oct	Dec
9850		022 02		0.01	0.03	0.07	0.10
9675 9700		0.06 0.0 0.01 0.0		0.09	0.12	0.18	0.40
	mi, Carles 7506 F						
EURO	SWISS FRAI	C OPTION	(LIEFE) SI	r 1m point	of 100	%	<u>.</u>
Striker		- CALL				PUTS -	
PYICE	Sep.	Dec	Mar	Se		Deo	Mer
7775	0.04	80.0	0.05	0.24		0.38	0.50
- 2000	0.01	0.03 0 Drawform	0.04	0.4		0.58	0.80
9800				~ ~~ 30			
Est. vol. io				s of 100%			
Est. vol. io	LIRA OPTION		000m point	of 100%	_	PUTS -	
Est. vol. io		<b>ILFFE</b> ) L1	000m point	s of 100% Se	-	PUTS —	Mar
Est val io Estate Strike: Price	LIRA OPTION	CALLS Dec	000m point				0.17
Est, vol. io Estatura Strike:	LIRA OPTION	CALLS.	Mar	Se	1	Dec	

ELF FRF 550,000,000 EQUITY-LINKED ZERO COUPON NOTES DUE 1996

ISIN CODE: XS0038207145 In accordance with the Terms and Conditions of the Notes, notice is hereby given that, pursuant to paragraph (A) and (C).(1) of Condition 5. «Redemption and Purchase», the Redemption Amount applicable upon redemption of each Note will be:

FRF 10,000.- per denomination of FRF 10,000 FRF 100,000.- per denomination of FRF 100,000 calculated by applying the following formula: Px(1+1.35 x C1-C0)

provided that in no event shall the Redemption Amount be less than the principal amount of the Note, for greater than 200 % of the principal amount of the Note.

"P" = FRF 10,000 or FRF 100,000 (the principal amount of each Note) "C1"= FRF 358,50 (the arithmetic mean of the prices on the Paris Stock Exchange for one Share first quoted after each of 11.00 a.m., 2.00 p.m. and 4.00 p.m. in Paris on each of July 15, 16, 17, 18 and 19, 1996 CO = rkr 350,50 (the antimetic mean of the prices on the raris Stock Exchange for one Share first quoted after each of 11.00 a.m., 2.00 p.m. and 4.00 p.m. in Paris on June 4, 1992)

Payment of principal will be made on August 5th, 1996 in accordance with Condition 6 «Payments» of the Terms and Conditions of the Notes THE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST LUXEMBOURG

REALTY FRENDS-II (STICHTING) U.S. \$135,000,000 Mortgage Backed Floating Securities Due August 2, 1996

NOTICE TO BEARER SECURITY HOLDERS

Realty Frends-II (Stichning), the Issuer, which has its registered office in

The Issuer benefity announces the remittance of interest to Boarer Security Holders on July 31, 1996.

It is not anticipated that there will be any principal payment on July 31, 1996. Any Bearer Security Holder wishing to obtain information on the status of this

Telephone Nos: (5999) 639383 and (5999) 639418

Telecopier Nos: (5999) 612417 and (5999) 639420

ramaction is invited to contact: MeesPierson Trust (Curacso) N.V. 14 John B. Gorsiraweg P.O. Box 3889 Curacao, Netherlands Antilles Ann: Ruby Cate or Daisy Carokis

MeesPicrson Trust (Curacao) N.V. on behalf of the Issuer

Willemand, Caracao, July 30, 1996

Temple Court Mortgages (No. 1) PLC

£175,000,000

Mortgage Backed Floating Rate Notes 2029

The rate of interest for the period 31st July, 1996 to 31st October, 1996 has been fixed at 6.07292 per cent. per amount. Coupon No. 27 will therefore be psyable on 31st October, 1996 at £152.65 per coupon.

> S.G.Warburg & Co. Ltd. Agent Bank

**Mortgage Securities** (No.3) PLC \$39,000,000 Class A2 \$15,000,000 Class A3 \$8,000,000 Class B Mortgage backed notes due

For the interest period 31 July 1996 to 31 October 1996 the notes will bear interest as

Class A2. 6.3625% per annum Class A3, 6.4625% per annum Class B. 6.8125% per annum Interest payable 31 October 1996 will be as follows: A2 \$1,328.22 per \$83,049 note

A3. \$1,624.45 per \$100,000 note B. £1,712.43 per £100,000 note Agent: Morgan Guaranty Trust Company **JPMorgan** 

5 Sun Hung Kai Properties Finance International Limited HX5650,000,000 Guaranteed Floating Rate Notes due 2001 anconditionally and ie 2001 enconstitonally as irrevocably guaranteed

in accordance with the sense and conditions of the Notes, the rate of interest applicable for the assertst period Jul 31, 1996 to Jan 31, 1997 in 6,89% per assess. Interest psychile on Xen 31, 1997 per Note of PRESSO,000 will be HESS 1,794.14.

Bushers Trust Company Hong Kong

Prices for elegaticity chatesmans for the purposes of the discretcy product and forestody product and forestod 12 boar sering protein sering protei

Republic of Croatia

Notice is hereby given that the Rate of Interest has been fixed at 6.6875% and that the interest payable on the relevant Interest Payment Date January 31, 1997 against Coupon No. 1 will be US\$3.4.18 in respect of US\$1,000 naminal of the Notes.

August 2, 1996 London
By: Ciffbank, N.A. (Corporate Agency and Trust, Agent Bank, CTTBANCE)

Republic of Croatia Flooting Rote Amorfaing Bonds (the "Bonds") Series B Due 31 July 2006

Notice is hereby given that the Rate of Interest has been fixed at 6.6875% and that the interest payable on the relevant Interest Payment Date January 31, 1997 against Coupon No. 1 will be US\$34.18 in respect of US\$1,000 nominal of the Notes.

August 2, 1996 Landon By: Calibanik, N.A. (Corporate Agency and Treat), Agent Bonik, CITIBANCO

#### **COMMODITIES AND AGRICULTURE**

## spark Indian 'breakdown'

By Bernard Simon in Toronto

The Indian diamond cutting industry had been in "a state of collective nervous hreakdown" since Argyle of Australia, the world's biggest diamond mine, left the cartel organised by De Beers of South Africa, according to Mr George Burne, a De Beers' director.

Argyle is the higgest producer of small, cheap rough diamonds of the type cut by the Indian industry. Mr Burne said prices of these diamonds had fallen by up to 20 per cent "if you can find a buyer at all". He estimated that the Indian industry had suffered stock losses of \$300-500m.

Mr Burne made his comments when launching what is likely to be an ardnous campaign by De Beers aimed at persuading new diamond producers in Canada to market their output through its Central Selling Organisation, the London based cartel that controls about three quarters of the rough diamond market.

The initial target is BHP, Australla's biggest group. which is expected soon to start construction of Canada's first diamond mine, near Lac de Gras in the Northwest Territo-

lian mining group, is involved in another promising property close by. RTZ-CRA is also partowner and operator of the Argyle diamond mine.

Emphasising the effort put in by the CSO to maintain global diamond market stability. Mr Burne revealed that last year the organisation mopped up about US\$500m of stones pouring out of Angola where civil war had disrupted orderly marketing arrangements. He estimated total output in Angola wae worth

Mr Burne made his comments during one of several lunch-time presentations De Beers this week organised for nearly 100 analysts and mining executives in Toronto and Vancouver. Mr Burne told the Toronto group he was not confident at this stage that BHP would agree to channel sales through the CSO.

The Lac de Gras mine, which will come on stream at the earllest in the second half of 1998. is expected to produce a relatively high proportion of gem

BHP has held exploratory talks with De Beers, but a BHP official said "we're continuing to watch the market and to explore all avenues available Kennecott, a subsidiary of to us". A decision whether or

bly be taken about a year before the mine begins produc-

Mr Burne, who appeared unaccustomed to the slick presentations typically put on by North American companies, said "diamond prices are naturally erratic, very much influenced by sentiment and it is only the disciplines of CSO pri-cing which bring some order to the situation".

Mr Lou Clements, who heads De Beers' \$200m-a-year advertising account at J Walter Thompson, pointed to the company's heavy investment in advertising and publicity on behalf of diamond producers. He said De Beers launched

campaigns for the first time

last year in Sandi Arabia. Kuwait, Oman, the United Arab Emirates, Turkey, India De Beers has been active for many years in diamond exploration in Canada through a subsidiary known as Mono-

pros. So far, however, it has had little success. Until the recent Northwest Territories diamond stampeds Monopros generally worked independently, rather than teaming up with the entrepreneurial junior exploration companies that are a feature of

## Diamond cartel problems | Impala Platinum strike 'largely tactical'

tightening of supply in the wake of last month's Amplats

stoppage, which resulted in It

dismissing the entire work-force at its Rustenburg mine,

the world's largest producer of

the white metal. Lost produc-

tion as a result of the wild cat

strike amounted to about

97,000 ounces and could not be

The current supply surplus,

estimated at 190 000 ounces

last year, was set to decline, and traders would experience

more difficulties in sourcing

By Mark Ashurst

Impala Platinum, controlled by South Africa's Gencor, said vesterday that its entire workforce of 25,000 had gone on strike, bringing all its mine and smelter operations to a

But analysts dismissed the industrial action, in support of the National Union of Mine workers' demand for a 9.5 per cent pay rise, as largely tactical. Negotiations with Impala are expected to resume this

week, and the company has

ary.
"I am pleased our member-

the CBoT's Chairman. "They have acknowledged

the growth potential that free trade agreements will bring to domestic and foreign agricul-tural markets. Our members have recognised the need to

indicated that it may recon-

sider its preliminary pay offer

Market sentiment was fur-

ther bnoyed by a report this

week from the New York-based

CPM metals consultancy,

which dismissed speculation

that the platinum stockpile

controlled by the Russian Cen-

tral government had dwindled.

cial director of Anglo Ameri-

can Platinum Corporation,

agreed that reports of a world

platinum shortage were

unfounded, but predicted some

Mr David Emmett, commer-

of 7.44 per cent.

For nearly two centuries the CBoT has been the principal market for grain futures and options trading. However, in the past decade the Tokyo Commodity Exchange on some volume in maize futures, and in the past year, both the Matif in Paris and tha Sydney

trading in grain on Project A has been very light - volume during the 10:30pm to 4:30am (central time) sassions was only 33,000 contracts in July. representing about 1 per cent of overall agricultural trading a useful purpose, according to Ms Diane Klemme, an executive at Atlanta-based Grain Services Corporation, and a

tural advisory committee.
"What Project A does is proincreasingly global," Klemme

member of the CBoT's agricul-

Since open ontery trading in

gained 60 cents on the Johannesburg Stock Exchange after reporting a strong performance for the year to June.

Its shares closed at R29.50 after heavy trade yesterday, as the market reacted to a preliminary announcement of a 20 per cent rise in net income after tax to R319.5m. Earnings per share increased 19 per cent to 190.3 cents a share. The total dividend for the year was 120

cents, up from 80 cents. The wild cat strike at Rus-

occurred in the first month of the new financial year and did not affect the 1996 results.

Mr Leslie Boyd, chairman, forecast "similar" earnings this year, but warned it was "still too early" to assess the impact of the stoppage on this year's production.

The mine was "close to returning to full production[although] the industrial relations climate remains volatile".

he said. Rustenburg posted a net profit of R531m (R542.2m)

## CBoT members vote to continue overnight trading

the metal, he said.

By Laurie Morse in Chicago

The Chicago Board of Trade's grain markets moved a step closer to globalisation on Wednesday when members voted to offer the exchange's maize, soyabean and wheat futures contracts on an overnight computer trading system. The contracts have been trading overnight on an experimental Project A system since Febru-

ship voted in favour of continuing trading access to our agricultural markets via Project A," said Mr Patrick Arbor, stay ahead of growing foreign competition and increase market accessibility for our cus-

occasions has overtaken lts Futures Exchange in Australia have opened new wheat

futures markets. Overnight

vide market access at all hours, and market access is increasingly important as the world changes and becomes

Chicago lasts only five hours, the hulk of international cash grain trading happens when futures pits are closed. This leaves domestic grain elevators and foreign buyers with little information about market lev-

els for much of the day.

Project A "has been extremely useful to us in determing what price to pay producers before the [futures] market opens," says Mr Nick Huston, manager of the Colusa Elevator in Wever, Iowa. "Pricing grain is more of an art than a science and before Project A, we couldn't be sure we were offering producers a fair price until the trading floor opened Now, we look where

Project A, and bid for grain at Mr Ed Ziecina, head of Fimat'a futures and options dealing room in Chicago, sald he has not noticed agricultural orders originating from Europe on Project A, but that there has been "decent" activity from Japan. "Tokyo traders are

still cautious - they're waiting

to see if the market develops.

I'm sure we'll see more business down the line." Ms Klemme said Project A was only one step toward globalising the CBoT'a agricultural many different approaches including direct links with other exchanges, to remain

## Explosion cripples a third of Mexico's gas processing capacity

By Leslie Crawford in Mexico City

A huge explosion at one of Mexico's largest gas complexes last Friday has temporarily crippled one-third of the country's gas processing capacity, caused the reduction of gas supplies to important industrial clients and forced the import of \$700,000 of gas products a day, according to Mr Adrián Lajous, head of Petróleos Mexicanos, the state oil

Of the five gas plants at the COMMODITIES PRICES

ALLIMINSUM ALLOY (\$ per tonne)

AM Official Kerb close

**Previous** 

■ LEAD (\$ per tonne)

1490.5-91.5

806-807 810-11

1495.5-98.5

BASE METALS

southern state of Chiapas one of the largest gas processing facilities in the world - the two largest were almost certainly complete write-offs, Mr

Lajous said this week. "The old-timers in Pemex do not remember an accident of this magnitude," he added. The explosions were caused by a liquid gas leak, which Mr Lajons blamed on human error. He ruled out sabotage.

One plant was completely

destroyed. We are having dis-

Pemex yesterday reported its crude oil output increase over the same period in 1995. Natural rose to 2.85m barrels day in the first half of 1996, against 2.67m b/d in the same period of

Crude oil exports averaged 1.54m b/d in the first half of 1996. The most significant increases in production came in the natural gas division, where output

decide whether some equipment can be salvaged from a are working to determine the

Lajous said. Pemex says the plants were sions, said Mr Lajous, the com-

1995), which was whittled down to a net income of 1.49bn after taxes and royalties were paid to rose to 4,276m cu ft a day, a 16.8 per cent the government.

second damaged plant," Mr cost of the damage.

each. Insurance loss adjusters amounts of gas, "close to 1bn cubic feet per day", at Pemex's off-shore oil fields. He said nat-Immediately after the exploural gas production in the sec-

gas output is expected to fall following the

Pemex's sales totalled \$13.4bn in the first half

of 1996. The company posted a pre-tax profit of

\$10.06bn (up 21 per cent over the first half of

explosions at the Cactus complex.

people died, has dealt a blow to Pemex's ambitions to continue expanding its natural gas output. In the first half of 1996, production rose to 4,276m cubic feet a day, a 16.8 per cent increase over the same period in 1995. It may also affect the Mexican government's efforts to attract private sector investment into the electricity sector.

Most of the power projects

being tendered are for gas-fired

electricity plants, which has

natural gas supplies. Mr Lajous said he expected

the market ended overnight on

the remaining three plants at tha Cactus complex to resume the meantime, Pemex had dramatically curtailed its own consumption of natural gas particularly at its propylene and ammonia petrochemical

facilities - Mr Lajous said. The Federal Electricity Commission, which runs Mexico's power stations, had been asked to boost hydro-electric produc-

tion the reliability of Pemer's plants with double firing

capacity.
"We also asked six big customers, mainly steel plants, to curtail their use of natural gas last weekend," Mr Lajous said. Newspaper reports, quoting the recommendations of external oil consultants, blamed was satisfied with Pemex's allocation of resources for maintenance, but he admitted the quality and effectiveness of that expenditure was harder to

7

#### Pemex says the plants were sions, said Mr Lajous, the com-worth between \$60m to \$80m pany began flaring large constrained by the company's cussions with engineers to led foreign investors to question or switch to fuel oil in JOTTER PAD GRAINS AND OIL SEEDS Precious Metals continued MEAT AND LIVESTOCK ■ GOLD COMEX (100 Troy oz.: \$/troy oz.) WHEAT LCE (2 per tonne) LONDON METAL EXCHANGE LIVE CATTLE CME (40,000lbs; cents/lbs) ses from Amalgemeted Metal Trading) ALUMINIUM, 89.7 PURITY (\$ per torme) -1.1 387.6 386.0 6.961 4,677 -1.1 390.5 389.0 2,343 14,629 110.70 +0.25 - - 39 364 112.65 +0.35 112.65 112.00 172 3,029 968 +44 942 935 1 7 962 +14 984 960 1,803 40,748 968 +17 1000 979 2,495 30,022 1814 +13 1015 1000 1,776 88,589 1027 +11 1022 1018 77 19,855 7040 +12 1034 1033 67 11,380 66.825 +1.35 66.775 65.425 .3,304 27,472 69.375 +0.825 69.930 68.430 5.039 37,006 67.275 +0.9 67.600 64.825 894 12,482 66.575 +0.425 68.600 68.835 543 4,846 66.650 +0.5 68.600 66.850 141 2,100 114.85 +0.35 112.85 112.00 114.85 +0.35 114.50 114.00 118.85 +0.40 118.50 118.00 118.85 +0.40 118.00 118.00 392.1 -1.0 393.1 391.8 32.045 78.811 392.1 -1.1 395.6 394.8 558 9.167 397.2 -1.1 397.6 397.5 15 6.438 399.9 -1.2 490.7 399.7 291 9.397 1530-31 1530/1520.5 1520.5-21.0 PLATINUM NYMEX (50 Troy oz.; S/troy oz.) ■ WHEAT CET (5,000bu min; cents/\$0tb bushel) ■ COCOA CSCE (10 tonnes; \$/tonnes) 448.00 +6.00 447.00 437.25 3,828 28,333 450.00 +5.25 457.00 445.00 7,221 37,804 445.75 +5.25 448.50 445.50 554 6,400 422.50 +4.50 423.00 420.00 28 217 390.00 +0.50 391.00 388.50 55 2,526 1343 +10 1347 1322 8,879 20,997 1387 +9 1387 1363 3,907 19,100 1410 +3 1417 1389 1,256 16,943 1430 +2 1435 1420 563 7,742 1448 +10 1435 1435 - 5,939 Aug 50.425 +0.7 59.775 58.800 2.805 6.232 Oct 54.400 +0.775 54.900 50.700 2.628 13.123 Duc 56.800 +0.625 55.850 55.650 1,413 8,558 Feb 76.575 +0.575 76.400 75.550 265 2,482 +1.9 412.0 407.0 1,527 19,158 +1.9 412.0 409.5 10 3.058 +1.8 413.0 412.5 3 2.373 +1.6 418.0 416.5 56 156 1300-303 1298-303 PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)

7,142 28,604

PORK BELLIES CME (40,000lbs; cents/fbs)

LONDON TRADED OPTIONS Strike price \$ tonne -- Calls --- -- Puts --

III ALUMINIUM 86 61 41 ■ COPPER 138 95 63 1900.... COCCA LCE

BRENT CRUDE IPE Aug

LONDON SPOT MARKETS CRUDE OIL FOB (per barrel)

\$199-201 NATURAL GAS P 13.45-13.85

Patroleum Arg (0171) 358 8792 Gold (per troy as)\$
Shwr (per troy ca)\$
Platinum (per troy ca.)
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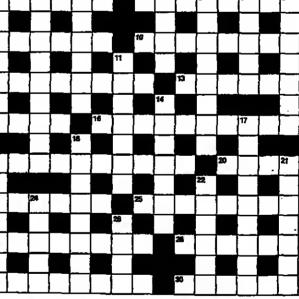
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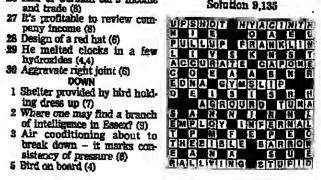
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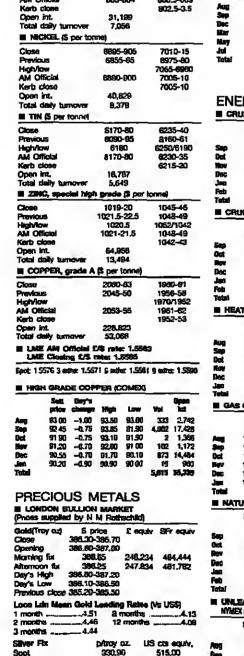
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9 Princess with Italian leading light (6)
10 It closes off the end of spring or autumn (8)
12 Girl friend seen round university at regular intervals (8)
13 Name composer on the radio (6)
16 Fans of the elephant entertained by the Arsenal (4)
16 One or two points put over for a change (10)
19 Infantrymen resigned ~ Royal Artillery reformed (10)
20 Check loads on the way back (4)
23 Clasp and bend to breaking point (6)

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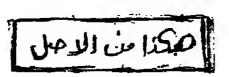
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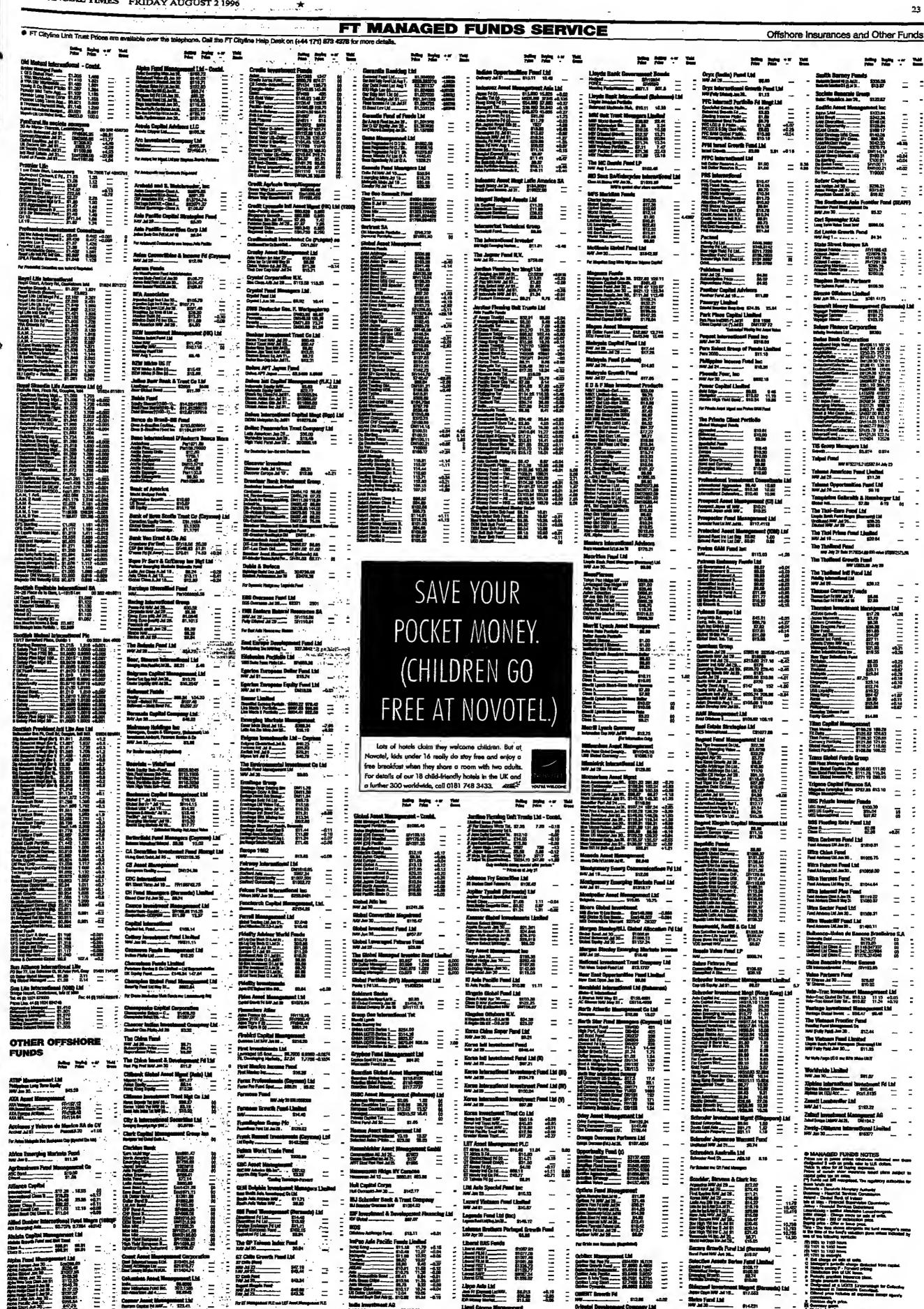
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#### LONDON STOCK EXCHANGE

MARKET REPORT

## Footsie gets a further lift from Wall Street

Another strong opening on Wall Street gave a lift to share prices in London vesterday, helping the market to shake off the effect of some disappointing figures from Shell Transport.

The FT-SE 100 index climbed back towards the middle of the 3,650-3,850 range, in which it has fluctuated for much of 1996 By the close Footsie had risen 31.2 points to 3,734.4. It looked like being a different

picture in mid-morning, when Footsie briefly touched a low for the day of 3,697.7, down S.S points. The warniogs from Sbell about weak

demand in the chemicals sector was coupled with news of retrenchment at Hanson's SCM chemicals subsidlary; at its worst, the fall in Shell, down 251/2 at one point, had knocked five points off the index.

However, the London market has been dominated this week by events on Wall Street, where a series of economic data has given clines about the possibility of an interest rate rice when the Federal Reserve's open market committee meets on August 20.

Although yesterday's aecond quarter US gross domestic product figures were strong, a weaker-thanexpected National Association of Purchasing Management report

sharp rise in Treasury bonds and the Dow Jones Industrial Average. At the close of London trading, the Dow was 36 points ahead.

Investors appeared to have responded by buying into UK equities via the FT-SE 100 index future, which then pulled the cash market The medium-sized stocks failed

once again to keep up with the leaders, with the FT-SE Mid-250 index

up just 12.4 to 4.343.0. At home, the UK purchasing managers' index, the month's first economic indicator, showed a continuing pick-up in manufacturing activity, which had been in the dol-

off 11% at 531p.

1778p on continuing specula-

tion that MCA, the entertain-

ment arm of Seagream, might

be a possible bidder for EMI Music following the group's demerger later this month.

Speculation that Sears may be

about to make a disposal -

with talk of Hush Puppies as a

sible for the shares rising 3 to

99%p. One analyst said that, if

likely candidate - was respon-

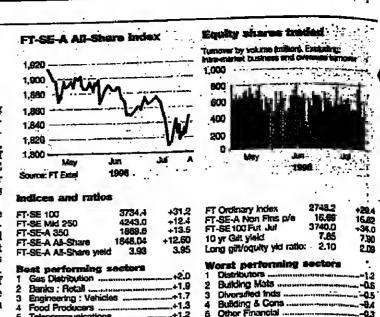
drums during the first half. According to Mr Mark Brown. head of strategy and economics at ABN-Amro Hoare Govett, "three surveys in a row have shown that manufacturing has turned the corner and we think the stock overhang is yesterday's story. If I had to pick a sector in a dull market which offered the best value, it would be

industrial cyclicals".

Mr Brown is maintaining his endyear forecast for Footsie of 3,500. With the price element of the purchasing managers' survey subdued. and with international bonds performing well, gilts had a good day. The benchmark 10 year issue rose by around a quarter of a point.

After two days when trading activity was bolstered by share buyback programmes, volume yesterday was modest. By the 6pm count, 631.5m shares had been dealt, of which 52 per cent was in non-FT-SE 100 stocks. The value of customer business on Wednesday was £1.86bm

There was a splash of speculative activity with bid rumours surrounding Cadhury-Schweppes and renewed talk that MCA might emerge as a buyer of Thorn EMI's music business when it demerges But banks dominated the list of Footsie's top performers, in the wake of recent good results and on talk of a stock soueeze.



#### Chemical fears hit Hanson

Shares in Hanson fell sharply following the international conglomerate's revelations about troubled chemicals trad-

The stock which has been one of the worst Footsie performers this year, fell to the bottom of the index lists vesterday with a 41/2 decline to

Volume was a busy 21m with the traded options pits accounting for the equivalent of a further 2.4m, and once again there were clear signs of a big two-way pull for senti-

Off almost 30 per cent in absolute terms since January. the shares have been hitting seven-year lows lately and some sections of the City feel there is more bad news to

The day's options activity included one big downside deal with a buyer of 2,000 February puts needing the Hanson share price to fall to 126p in order to Hanson's tbird quarter

results are due in two weeks. Sheil disappoints

There was no hiding the market's disappointment with second quarter figures from Shell Transport.

The results were at the bottom end of market expectations and analysts cited the performance of the down-

stream business outside the US as the main reason for the

decline. The shares surrendered 11 to 911%p, on an otherwise strong day in the market, with vol-ume rising to a hefty 10m as analysts downgraded full year expectations. SGST now expects Shell to report full year profits of £5.1hn against a previous forecast of £5.5bn.

Mr John Toalster at the broker believes the figures are particularly disappointing given the good results produced by US based oil leaders and said; "The group needs to tackle its problem areas more aggressively. It needs to at least halve its cash mountain." In the rest of the sector, BP followed the strong market trend and firmed 4 to 586%p.

Lasmo, which yesterday reported interim figures, was another stock to benefit from the strong market trend. The shares hardened 11/2 to 1901/sp. However, Ms Irene Himona at SGST believes the stock to be "overvalued with no particular attraction for investors in

Cadbury Schweppes rose 111/4 to 519p on the back of takeover speculation, with Unilever said to be in the frame. Analysts said they believed the rumours were coming from the US where Oppenheimer & Co has npgraded Cadbury to "buy" from "market perform". Mr Roy Burry, the Oppenheimer analyst, said: "We see the repositioning efforts of the 1990s paying off at last." Despite the rumours, volume was below average at 1.1 million. Unilever, which announces its interim results next Friday, rose 14 to 1247p.

An analysts' visit to Hills

One participant said: "People came away with confidence.

Railtrack was heavily traded for the second day running with yield hungry income funds said to be in hot pursuit of the shares' 6 per cent dividend return.

Analysts' perceptions about the stock have slowly been turning more positive, thanks to stories about tight cost control and recent suggestions from the industry that rail passenger traffic may be turning

The shares, floated in May at

200p, gained 21/4 to 2291/sp for a two-day advance of almost 5 per cent. Volume was again above average at 7.7m. An upbeat annual meeting at First Bus sent the shares up 13 to 160p and helped lift the sec-tor. Go-Ahead added 5 to 290p

and National Express gained Profit-taking left Stagecoach,

FINANCIAL,	1000	S EU	UILT						
	Aug 1	Jul 31	Jul 30	Jul 29	Jul 26	Yr ago	"High	"Low	
Ordinary Share	2748.2	2716.8	2694.5	2703.8	2699.8	2596.1	2885.2	2668.8	
Ord. div. yield	4.14	4.18	4.22	4.21	4.21	4.11	4.22	3.78	
P/E ratio net	16.20	16.03	15.88	15.93	15.91	15,72	17.25	15.80	
P/E mtio nil	16.03	15.87	15.72	15.78	15.75	15,42	17.08	15.71	
Ordinary Share Index	since co	mpliation:	high 2005.	2 19/04/90	low 49.4	26/06/40.	David Date	1/7/35.	

Open 0.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2724.9 2722.5 2718.3 2718.2 2722.9 2723.8 2727.7 2733.8 2747.5 2748.5 2716.5 Aug 1 Jul 31 Jul 30 Jul 29 Jul 26 Yr ago 27,803 1856.7 33,718 588.6 24,043 27,336 1664.9 1053.1 30,236 29,796 585.6 404.7 24,241 2233.0 26,855 844.4 25,468 1670.8 37,192 676.9 29,980

Aug 1 Jul 81 Jul 30 Jul 29 Jul 26 Yr ago 198th 1044.10 1048.40 1048.40 1054.00 1049.90 - 1140.40

Rises and falls'		52 Week highs	and lows	LIFFE Equity option	MAG.
Total Filses	739	Total Highs	50	Total contracts	36,772
Total Felis	398	Total Lows	48	Catte	19,098
Serve	1,568			Puts:	. 17,874
Aug 1 Tets best		v shares fisted on	the Looden		. 17,01

#### **CONTRACTS & TENDERS**

DECLARATION

## **SUGAR & INTEGRATED** INDUSTRIES CO.

(S.I.I.C)

SUGAR & INTEGRATED INDUSTRIES Co. (SIIC) declares that the Head Office has been located at the HAWAMDIA Co. COMPLEX AT HAWAMDIA - GIZA PROVINCE, that was formerly located at 12 Gawad Hosny Street -

#### NEW TELEPHONE AND TELEFAX **NUMBERS ARE AS FOLLOWS:**

Tel: 018/305 865 Chairman & 018/305 864 Managing Director: Fax: 018/304 257 Main Central Tel: 018/305 862

communication:

018/305 863 Fax: 018/304 193 018/305 548

In the meantime the following activities will still be located at the OLD HEAD OFFICE. 12 GAWAD HOSNI STREET - CAIRO.

Financial Affairs: Tel: 393 90 13 Tel: 393 43 43 **Purchasing Affairs:** Fax: 393 45 58 Tel: 393 45 52 Sales Affairs: Fax: 393 18 99 Tel: 393 18 77 Legal Affairs:

Dated as of August 1, 1996 the Municipality of Budapest has officially announced the privatisation of its wholly owned Budapest Amusement Park Co. Ltd., Detailed Call for Tender document is available on Internet:

or at the privatisation advisor. Dacwoo Securities (Hungary) Co., Ltd. 105? Budapest, Apáczai Cs. J. 11., Hungary Phone: 36-1-266-4920 Fax: 36-1-266-4922 Mr Tamás Fábián

www.fob.hu/bohome/vidam

#### **CONTRACTS & TENDERS**

INVITATION TO TENDER RECOVERY SCP SAUVAN & GOULLETQUER acting as Judicial Administrator nomies judgement of the Trade Law Court of Montpellier (FRANCE) the 31st of August 1995, for the judicial recovery of the following compenies: "VITAMIN SYSTEM" and "NATURELLEMENT" located in Manguis (HERAULT, FRANCE), rue Guynemer tt 11.

ACTIVITY: VITAMIN SYSTEM Whole and retail sales of and food supple NATURELLEMENT Financial sharing in dietatic TURNOVER: 1994: Mail Order: 58 MF

TOTAL: 101 MF 21 MF 32 MF 1995: Mail Order: Retail Stores: 7 MF TOTAL: 60 MF NATURELLEMENT: 1994: 23 MF 13 MF VITAMIN SYSTEM: 33 employees

NATURELLEMENT: 3 employees before the protection composition bear our day demonstr for patrological bids in ed for 15th September, 1996, in accordance with the dispositions of the rticle 83, paragraph I of the law dated 01/25/85.

SCP SAUVAN & GOULLETQUER 1025, rue Honri Becquerel, Pare Club du Millémaire - But 10 34036 Montpeller Codex 1 Tel: 67-15-37-57 Fax: 67-15-37-56



A unique quarterly source of reference from FT Financial Publishing, essential to all players in the international credit markets - borrowers, investors and

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Dominion Hond Rating Service, Duff & Phelps, Fach Investors Services, IBCA, The Japan Bond Research institute, Japan Credit Rating Agency, Moody's Investors Service, Nippon levestors Service, Steedard & Poor's cation, S&P · ADEF, Thorn Rankwatch. In addition multiple ratings of individual issuers are aggregated into the unique FT-CRI

The ratings are presented in an say-to-scan tabular format, with the agency names repeated on every spread and the borrowers running we each page in alphabetical order. receive the complete list of ratings, cumulatively updated, in a 350-page bound book. New subscribers also receive an annually undated directors of the agencies, their rating scales and crimen.

financial analysts at all types of

investine institutions; also lend of corporate and sovereign leading. directors and other senior person

at issuing corporations, institutions and sovereign entities. ■ Intermediaries - merchant and investment banks, securities bouses brokerages and marketmakers.

For a FREE sumple booklet contact Charlotte Green, FT Financial Public Maple House, 149 Tottenham Court Road, Landon WIP 9LL, England. Tel: +44 (0) 171 896 2314 Par: +44 (0) 171 896 2319 such a sale happened, it would be part of an continuing ration-

Shares in Yorkshire Electric-ity, one of the five remaining Mobile phone shares were active with Vodafone adding 4 independent regional electricto 233½p and Orange 4½ to 178½p. A leading broker was ity companies, jumped 26 to 7070, after it announced plans to increase shareholder value said to have turned more posithrough the payment of an enhanced dividend. tive on the sector, and combimed volume for the two stocks totalled 10.9m shares. In the rest of the utilities,

there was little interest in Profit downgrades, after a round of meetings with ana-Thames Water, following its lysts, were said to be the reashare buy-back on Wednesday. son for an 18 decline to 608p at The shares gave up another 7 electronics component distrib-Thorn EMI surged 25 to utor Premier Farnell.

Pilkington off sharply over the past two days, recovered modestly following a buy recommendation from SGST which has moved from "nenbuilding materials sector.

The broker claims that recent underperformance. which has not the sector on a 10 per cent discount to the overall market, is misplaced. It blames bad weather for much of the recent negative feedback, and says underlying trading conditions in the UK continue to improve steadily.

Mr Howard Proctor, SGST building analyst, expects the forthcoming half-year results season to provide a turning Pilkington, which was hit on

Wednesday by a profits warming, added a penny to 183p. Redland hardened 2 to 418p and Rughy a penny to 105p. TI Group, off for most of the session, ended all-square in

spite of top-of-the-range interim profits, which sparked some modest upgrades for the Recent comments from Siebe have cast something of a cloud

over the higher-rated engineer-

with Varity of the US continued to recede. The group has recently been seeing analysts and institutions to explain the

the group.

J Sainsbury rose 6 to 382p

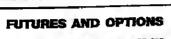
A shortage of stock in the retail banking sector belped the shares record some of the day's sharpest gains. National Westminster,

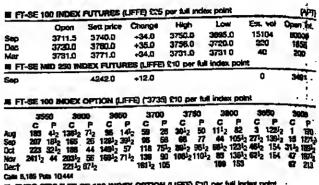
which reported figures earlier this week, jumped 20 to 645p, in modest volume of 3m. HSBC Scotland put on 21/2 to 2301/2p, following news that BZW had successfully completed all dealings associated with the recent sale of Standard Life's stake in

after announcing that it has bought GIB's 25 per cent stake In Homebase for £65m in cash.

Varity deal.

gained 27% to 1091p. Bank of





BE EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) \$10 per full index point | 3575 | 3625 | 3675 | 3725 | 3775 | 3825 | 3676 | 3686 | 1612 6 | 177 11 | 7512 20 | 4212 35 | 1912 63 | 7 | 10012 2 | 145 1 | 1931 165 | 2112 146 | 32 | 11012 45 | 78 | 6412 | 3312 | 58 | 33 | 117 | 13 | 15212 | 11 | 194 | 223 | 3512 | 4612 | 47 | 13112 6212 | 16112 | 82 | 7612 | 106 | 5512 | 13412 | 38 | 76812 | 2412 | 3212 | 17 | 18 | 149 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 1

SSUE VICE	Amt	Mc.	-10	906		Close		Net	Div.	Grs	PÆ
b E	rato Descri	(E)TL)	High	Low	Stock	Р	#	div.	COV.		net
§70	F.P.	15.4	78	72	TAND Ini	72	-5	-	_		-
560	F.P.	7.78	56	33	Alizyme	45		-	-	-	-
- 5	F.P.	203.5	235	228	Allid Carpets	230	+1	-	-	-	20.0
•	FP.	879.6	550		Akumax	E18∰					
§215	F.P.	211.5	233	215	Altidna WS	230		68	24	3.2	18.5
§125	F.P.	39.8	135		BATM Adv Correns	125	_	-	-		-
100	P.P.	1,398	1015	89	British Energy	1017	+14	F12.7	-	8.5	-
§71	F.P.	12.5	65	78	<b>Digital Animatrs</b>	85		-	-	-	
53	F.P.	3.07	4	4	Orings of Bath	4		-	-	-	-
\$145	F.P.	31.1	153	148	Bac Retail Sye	145		-	-	-	•
- 5	F.P.	2.52	53	41	Fayrewood	48		•	-	-	-
163	F.P.	4.17	192	169	HIT Entre	189		-	-	-	61.4
<b>568</b>	F.P.	2.52	€8		Het Pin	64	+4	<b>Q.7</b> 2	20	53	11.8
§100	F.P.	24.2	97	94	Hours Gvt 1000 C	<b>97</b>		-	-	-	-
<b>§12</b>	F.P.	0.75	15	12	†Life Numbers	15		-	-	-	-
- 6	F.P.	0.19	8	2	Life Numbers Was	8		-	-	•	-
	F.P.	1.25	18	17	NECA	17	-1	-	-	-	-
<b>§</b> 114	F.P.	43.5	143	118	fNetwork Tach	140		-	-	-	-
172	F.P.	375.2	227	172	Page Micro Techn	175		R2.4	24	1.7	29.0
\$170	F.P.	32.9	18712	184	Planton	173	+1		-	•	26.8
	F.P.	0.38	2	712	Portura Foods Was	14		-	-	-	-
<b>§113</b>	F.P.	53.3	115		Quintain Estates	114		-	2.9	-	15.8
<b>§105</b>	F.P.	26.4	118		Robert Waters	115	+1	12.0	3.9	22	14.8
566	F.P.	13.3	70		†Selector	68			_	-	-
§525	F.P.	101.0	525		Therapitic Anticol	472	-5		-	-	-
§134	F.P.	23.1	179		TUNO	165		-	-	-	38.3
	F.P.	4.64	120		West 175 Entre	120		-	-	-	-
•	F.P.	5.75	12	11	Xavier Computer	11		_	-	-	-
Altern	stive in	estment	Morket	L & PM	soing once. " Introduc ware Service notes.		* 4 1	d expla	natios	of all	ather

ing shares. Both TI and S	liebe			31	oo day	30	200	yield %	Table	High	Low
have a big North Amer sales base, and TI has	seen _	id Wises i Regional i		1985.74		1925.25	1950.05	1.58	-	2520.7	3 1722.93
recent faltering in Europe.	1.06	ica (13)		2618.1	5 +0.6	2003.69	2765.35	3.06	36.80	3533.8	8 2272.74
stock closed at 525p.		stolasta (7	1	2203.4			2390.99		21.0		4 2123.5
Lucas Industries put on		th Americ		1794.1		1701.67		0.74	65.00		9 1488.9
cern about the planned ma				ast prices	were un	rvaliable fo	X 216 60		he t	JK Se	eries
	Aug 1	Day's chge%	Jul 31	Jul 30	Jul 29	Year	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-9E 100	3734.4	+0.8	3703.2	3668.5	3678.8	3475.6	4,11	2.10	14,48	104,85	1535.07
FT-SE Mid 250	4243.0	+0.3	4230.8	421R.1	4226,1	3853.8	3.56	1.62	21.78	121.52	1715.50
FT-SE Mid 250 ex Inv Trusts	4277.8	+0.3	4285.8	4255.4	4261.0	3869.5	3.65	1.65	20.74	128.28	1732.99
FT-SE-A 350	1869.6	+0.7	1858.1	1841.4	1846.1	1731.1	3.99	2.01	15.60	52,77	1571.45
FT-SE-A 350 Higher Yield	1809.8	+0.7	1796.4	1778.4	1779.8	1727.8	5.25	5 1.91	12,48	66.18	1275.66
FT-SE-A 350 Lower Yield	1936.9	+0.7	1923.1	1911.5	1819.4	1737.2	2.82	2.18	20.30	39.74	1345.34
FT-SE SmallCap	2085.99	+0.2	2081.18	2083.17	2068.70	1930.37	8.17	7 1.69	23,28	41.38	1719.29
FT-SE SmallCap ex law Trusts	2081.22	+0.2	2077.68	2081.22	2068.18	1906.01	8.39	1.77	20.77	43.46	1726.39
FT-SE-A ALL-SHARE	1848.04	+0.7	1835.44	1822,11	1826.79	1710.78	3.93	1.99	16.00	50,98	1577,27
FT-SE Actuaries AB	-Share	Day's				Year	Div.	Net	PVE	Xd adj.	Total
	Aug 1	chge%	Jul 31	Jul 30	Jul 28	870	ylaid%	cover	ratio	ytel	Poturn

10 MINERAL EXTRACTION 12 Extractive Industries(6) -0.1 3481.84 3454.88 3446.05 2939.29 +0.5 4102.84 4053.20 4045.54 4107.34 1.83 2.52 1.72 1.55 17.78 79.25 1499.12 12.78 109.18 1218.93 15 Oil, Integrated(3) 18 Oil Exploration & Prod(15 +0.2 3582.42 3540.13 3525.86 2920.72 +0.3 2487.01 2449.38 2476.63 2008.30 +0.2 1955.53 1962.65 1874.03 1999.44 -0.4 1130.14 1136.00 1136.32 1000.77 -0.6 1825.62 1839.01 1847.91 1854.43 15.47 53.20 1085.63 20.05 23.05 946.82 17.29 47.81 923.01 20 GEN INDUSTRIALS(276) 4.39 3.68 4.22 4.27 9.98 3.37 3.34 3.54 3.99 5.58 1.84 1.69 1.71 1.61 1.62 2.44 1.98 1.99 1.58 Building & Construction(34) Building Matts & Merchs(29) -0.6 1825.52 1829.01 1847.61 1834.43 -0.5 2354.78 2339.25 2341.88 2473.53 -0.5 1500.56 1483.85 1494.55 1831.84 +0.8 2290.07 2300.49 2315.77 2040.85 +0.8 2388.98 2382.15 2404.81 2090.97 +1.7 2321.22 2314.03 2327.33 2465.99 18.13 82.26 1129.38 10.60 57.26 843.04 22.93 56.01 1213.72 Engineering(71) Engineering, Vehicles(14) Paper, Pokg & Printing(26 Textiles & Apparel(19) 15.35 52.18 17.87 73.78 1552.95 15.78 64.18 1084.29 14.19 42.36 783.02 +0.4 2569.87 2570.40 2575.60 3127.43 +0.1 1268.72 1266.18 1274.14 1678.69 1.98 1.62 1.85 2.15 2.15 2.17 2.06 16.07 87.84 1330.07 16.83 91.68 1006.91 16.24 70.29 1141.04 14.83 59.03 974.66 21.60 35.96 1229.91 17.89 91.73 1774.07 30 CONSUMER GOODS(81) 32 Alcoholic Beverages(8) 33 Food Producers(24) 2.93 4.58 4,18 3.92 2.69 3.22 5.08 +1.3 2469.20 2448.11 2455.40 2561.64 2537.27 +1.0 2512.70 2457.86 2461.69 2734.73 36 Health Care(20) 37 Phermaceuticals(13) 38 Tobacco(1) +0.7 1998.23 1997.27 1995.44 1885.40 +1.0 5161.19 5138.58 5128.13 4220.55 +0.9 4289.32 4078.73 4118.85 4434.51 10.00 156.18 1082.00 1.87 1.74 1.89 1.87 2.32 2.12 1.98 2.28 0.63 +0.6 2445.80 2434.80 2445.18 2153.65 -1.2 2723.58 2757.10 2757.21 2642.91 22.84 53.75 1288.86 22.07 51.38 997.97 22.97 51.38 997.97 23.18 154.38 1675.52 29.57 55.36 1469.18 18.86 48.71 1284.77 19.20 47.32 1184.89 18.87 62.87 1480.53 27.86 33.03 1525.76 57.40 56.33 990.87 42 Leisure & Hotele(24) 43 Media(45) +0.8 3075.46 3047.98 3032.53 2462.02 +0.8 4014.94 3965.44 4030.85 3223.60 +0.6 1960.01 1930.35 1830.43 2184.81 +0.3 2046.98 2042.78 2057.24 1766.01 +1.0 3038.95 3029.98 3025.10 2856.41 44 Retailers, Food(14) 45 Retailers, General(43) 47 Broweries, Pubs & Rest.(24) 48 Support Services(48) +0.5 2378.27 2382.86 2384.93 1707.61 48 Transport(22) +0.8 2335.75 2319.70 2330.40 2347 24 +1.0 2290.20 2237.06 2243.31 2498.93 +0.5 2377.02 2390.51 2390.09 2551.56 +2.0 1290.82 1276.80 1273.35 1908.45 +1.2 1908.47 1681.69 1889.88 2117.40 5.60 6.78 9.10 4.19 11.10 129.10 1003.02 7.44 404.44 1282.21 10.12 88.67 690.47 60 UTALITIESCO 2281.73 Electricity(11)
Gas Distributi
Telecomount 18.74 12.58 66 Water(12) -0.1 2159.78 2130,81 2129.88 2072.07 69 NON-FINANCIAL SECO 1953.01 +0.8 1942.20 1829.76 1935.10 1838.49 3.93 1.81 16.69 66.00 1498.82 +1.3 2923.34 2899.25 2892.96 2529.50 4.26 +1.8 4111.47 4062.82 4075.62 3406.14 4.03 +0.4 3425.30 3406.97 3414.99 3621.78 2.88 +1.0 1421.32 1394.17 1392.72 1384.27 5.75 +0.5 3463.18 3420.23 3398.55 2800.76 4.29 -0.3 2482.78 2474.11 2471.91 2206.79 4.23 70 FINANCIALS(194) 71 Banks, Retails) 72 Banks, Merchant(5) 2.43 12.08 80.43 1286.30 2.69 11.52 110.04 1380.15 2.50 17.37 53.39 1097.30 2.57 8.47 48.97 1089.42 2.24 13.01 100.72 1459.41 1.82 16.26 68.15 1424.18 73 Insurance(22) 74 Life Assurance(5) 77 Other Francisi(21) 78 Property(41) 3481.38 +0.2 1542.82 1531.21 1534.43 1489.15 4.14 80 INVESTMENT TRUSTS(126) 3056.50 +0.5 3042.48 3027.24 3040.60 2915.02 2.31 1.12 48.55 45.50 1073.10 1846.04 +0.7 1835.44 1822.11 1828.79 1710.78 3.93 1.99 16.00 50.98 1577.27 89 FT-SE-A ALL-SHARE(886) +0.1 1208.82 1203.49 1204.88 1032.02 2.80 2.38 18.68 20.50 1209.42 ...... 1222.77 1219.55 1220.39 1023.84 8.05 2.57 16.97 22.14 1288.03

11.00 12.00 13.00 14.00 3708.3 3706.5 3706.9 4283.3 4236.1 4232.9 1858.6 1857.6 1857.4 3703.7 4237.1 1856.0 3710.5 4238.0 1859.7 3717,1 4240.0 1862.5 3697.7 4232.3 1854.3 Time at FT-6E 100 Dur's high: 3:58 PM Duy's low: 10:47 AM. FT-SE 100 1996 High: 3867.1 (1990409) Low: 2384.2 (28/01/95).

■ FT-SE Actuaries 350 Industry baskets

Opes 0.00 10.00 11.00 12.00 16.00 1121.1 1120.5 1118.2 1118.0 1118.0 1118.0 1115.5 1115.3 1115.3 5100.8 5112.8 5107.2 5106.3 5004.5 5107.1 5125.4 5142.7 5148.5 2156.7 2148.4 2152.4 2153.8 2151.4 2148.2 2150.4 2146.5 2145.1 4165.2 4162.0 4164.8 4173.4 4178.5 4207.4 4203.3 4248.2 4244.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday Issues.

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· \$400 (1984) (1984)

	_Highs & Lows shown on a 52 week basis	21996 ×	ORLD STOCK MA	DVETE		27
`. :	+/- Migh Low YM P/E +/- High Low YM	P/S +/- Main Law Yid P/E +/-	- Migh Low Yor PAE +1- High Low Yor PAE	+ f High Love This Poly + f Might is		<u>+/- High La</u> S Sig
o Marin	Austrea (Aug 1 / Sch)  Aug 1 / Sch)	Yebs   75.10   +20   20   25.50   -1	115.60 5.25 1.2	Figure   4,180   -20 4,300 8,941	Western   20.25   +.08   22.20   18.90   1.5	**************************************
cal whomathe lader	### CLIROPE  AMETERA (Jung 1 / Sch)  AMETERA (Jung 1 /		. SNETZERLAND (Jul 31 / Frs.)	Furnish   A.900	Worth   20.25	######################################
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centres of Firenze, Genova, Milano, Roma (Centro Citta, Parioli, Eur) and Torino. Please call Intercontinental SrL on numero verde 167-821172 for more information.  Financial Times. World Business Newspaper.	Fig. 28   29   29   29   29   29   29   29

## Interest rate prospect lifts equities again

#### **Wall Street**

US share prices jumped as new data supported the growing consensus that the Federal Reserve would not raise interest rates later this month, writes Lisa Bransten in New

The Dow Jones Industrial Average moved modestly higher in early trade and then soared at mid-morning after the National Association of Purchasing Management said that its index of business activity fell to 50.2 in July from 54.3 in June. Analysts had expected the July figure to come in close to the June levels.

Signs that the economy might be slowing without an interest rate increase from the Fed also sent the bond market sharply higher, pushing the yield on the benchmark 30-year Treasury bood to 6.842 per cent, its lowest level since late

By I pm, the Dow was 56.97 stronger at 5,585.88, and the more broadly based Standard & Poor's 500 rose 8.24 at 648.19. The American Stock Exchange composite was up 3.06 at 542.56. Volume on the New York Stock Exchange came to

The technology-ricb Nasdaq composite also posted another strong session as it continued to make up some of the ground lost in the past two months. It climbed 12.82 at 1.093.41 while the Pacific Stock Exchange technology index added 1.1 per

Shares in interest-sensitive commercial banks were mostly higher. Citicorp added \$2% at \$84, Chase Manhattan Bank climbed \$1% at \$70%, Wells Fargo gained \$3% at \$236% and NationsBank was \$114 stronger

Elsewhere, Rockwell International rose \$3 or 6 per cent at \$55% after announcing that Boeing would buy most of its aerospace and defence busies. Shares in Boeing added

Silicon Graphics lost \$% of earnings report.

#### São Paulo 2.4% ahead

São Paulo pnt ln an Wednesday's profit-taking in a unexpectedly strong performance, rising 2.4 per cent by midsession as investors overcame lingering worries over Argentine foreign exchange policy after that country's new economy minister, Mr Roque Fernández, insisted that no changes were planned. The Bovespa index jumped 1,490 to

BUENOS AIRES also put in a good performance, rising 1.5 per cent at midsession as had moved to a 44.39 gain at

investors put behind them 3,051.63. S Africa golds higher

FT/S&P ACTUARIES WORLD INDICES

stronger, lured higher by the bright start on Wall Street. Industrials were restratoed, however, by the weak rand while gold and platinnm stocks enjoyed strong gains on

higher metals prices.
The overall index rose 4.0 at 6.610.9. Industrials edged np 2.3 to 7,802.5 and golds made 30.7 to 1,802.3.

Among precions metals stocks, Gold Fields gained R2.75 to R130.00, Vaal Reefs rose R11.00 to R367.00 and

NATIONAL AND REGIONAL MARKETS

Australia (80)

Japan (481)..... Malaysia (107). Mexico (16).... Natherland (19)

Norway (35) ..... Philippines (22)

Theiland (45).

Americas (791) ... Europe (706).....

and (37).

\_141.28

...233.71

R5.25 to R169.00. Another gold producer, Har-mony Gold Mining, rose 20 cents to R45.20, in comparatively heavy volume of 500,400

shares. Among platinum com-

panies, Impala rose R2.75 to R67.75 and Rustenburg gained R2.50 to R74.50. Polifin, the petrochemicals and plastics concern, gained 6 cents to R7.60 in unusually heavy volume of 1.5m shares. Sasol, the oil producer, put on

203.06 166.07 148.18 293.18 182.95 163.82 391.24 178.45 142.08 494.54 1278.06 76.62 234.26 164.12 354.87 355.87 32

19 22 23 24 25 26 29 30 31 1

July 1996

the \$3% it gained on Wednes-

day, bringing the shares to

Late on Wednesday the com-

pany reported fourth quarter

net income of 46 cents a share - excluding its purchase of

Cray Research - slightly

behind the 42 cents that ana-

lysts had expected. Egghead, the computer

retailer, lost \$24 or 22 per cent

at \$7 after reporting a first

quarter operating loss of 43

cents a share, compared with

tha 19 cents a share that it lost

Toronto again took its lead

from Wall Street, with addi-

tional support provided by ral-

lying gold issues. By noon, the

TSE-300 composite index was

18.95 higher at 4,948.10 in vol-

demonstrate renewed confi-

trade unchanged at C\$33 in the

market that had seen some

stocks rise by 10 per cent over

the previous two sessions. The

Merval todex was 8.04 higher

cent ahead, taking its lead

from Wall Street, and with the

IPC index punching through

the July 23 peak of 3,031 which

had become regarded as a

By midsession, the key index

strong resistance level.

MEXICO CITY moved 1.5 per

in hunchtime trade at 537.13.

ume of 38.9m shares.

in the same period last year.

EUROPE

Cyclical damage in that chemicals sector was all too evident in AMSTERDAM yesterday morning, with the Royal Dutch/Shell second quarter scarred by the 54 per cent profits drop in the oil group's chemicals operations and EVC International, Europe's biggest PVC producer, slipping into a

first half loss. However, the market was rescued by the encouraging NAPM data out of the US, and the consequent celabratory mood on Wall Street. The AEX todex, having bottomed et 533.95, eventually closed 4.34 higher at 540.07.

Both Royal Dutch and EVC

closed well off their worst. RD was F1 2.80 lower at F1 245.80, after Fl 241.70, and EVC fell Fl 1.10 at Fl 47 after an early low of F1 42.50. The cil group disappointed analysts by predicting little change to the second half, and the PVC company said that it saw losses widening to the second half.

There were other losses else where, notably in KNP BT. which fell another Fl 1.50 to Fl 36 after two more brokers cut their earnings estimates for the papermaker, but financials rose as the US data improved interest rate pros-

FRANKFURT liked the US data, and the resultant lift in the Dow which left the Dax

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Open 18.30 11.00 12.00 13.00 14.50 15.00 Close FT-SE Emptrack 100 1810.72 1608.84 1907.19 1807.28 1607.25 1606.94 1608.33 1609.15 FT-SE Emptrack 200 1662.00 1660.11 1689.52 1560.00 1661.70 1562.29 1694.81 1667.27 Jal 30 Jul 29 JJ 25 Jd 25 7592.93 FT-SE Euroback 100 FT-SE Euroback 200

1654.71

Eridania Beghin-Say, the

French foodstuffs and sugar

subsidiary of the Italian Mont-

edison conglomerate, had a

second day on the upgrade

after a period of decline. A FFr23 rise to FFr735 took its

Similarly, there was further

support for Peugeot, which

mse another FFr14, or 23 per

cent, to FFr618, reversing ear-

lier declines on broker down-

Still in the automotive sec-

tor, the tyremaker Michelin,

which reported a 5.4 per cent rise in first half sales on

Wednesday, accelerated its

uptrend with a rise of FFr5.70,

or 2.5 per cent, to FFr232.50. Meanwhile Schneider, the elec-

trical group whose sales had seemed initially disappointing,

climbed FFr8.50, or 3.7 per

On the downside, Eurotunnel

two-day gain to 6.1 per cent.

index 12.66 higher at 2,504.16 at the end of Ihis trading. Turnover staved moderate at DM6.3bn. down from DM6.8bn.

The recent strength in financials was supported, effectively, by the German economics institute. Ifo, which said the Bundesbank might lower the 3.30 per cent repo rate in the next few months. Allianz put on another DM30.40 at DM2,754.40 and Commerzbank DM5.30 at DM349. The better transatlantic

mood lifted SAP, the software group and US investors' favourite, whose preference shares rose DM3.50 to DM217. Theme stocks, too, had a ravival: Henkel, tha shareholder value convert, put on DM1.24 at DM61.64 and Adidas, the sportswear group, DM4.40 at DM120.40.

PARIS turned positive after cent. to FFr236. the NAPM data and the CAC-40 index came home 14.01 higher lost 20 centimes, or 2.45 per cent, at FFr7.95 after it conat 2,009.90, after 1,989.88, in

ing talks were not moving as fast as had been hoped.

the day's US data but had largely discounted its own lower house of parliament's stamp of approval on the supplementary budget. The Comit the real-time Mibtel index picked up from a low of 9,579 to close 56 higher at 9,705.

and Olivetti was L44.1 higher at L759 in a technical bounce. lower at L34,726 as investors pondered whether tha insur-Israeli insurer, Migdal.

malat, marking the stock L35 lower at L1.865 after Wednesday's 6.8 per cent rebound. Among smaller capitalisa-

tion stocks, the jewellery and watch maker, Bulgari, advanced L938 to L24,030 after releasing encouraging first half revenue figures on Wednesday.

May

ntilities after the US economic

stock had been undervalued by

comparison with its competi

tors. Among the electrical utili-

ties, Iberdrola climbed Pta20,

or 1.75 per cent to Ptal.165.

ISTANBUL hailed the ambi-

tious economic plan hy the

prime minister, Mr Mecmettin

Erbakan, and equities leapt

nearly 5 per cent on hopes that

the privatisation process could

be speeded up again.

MILAN was encouraged by index rose 4.98 to 604.73, while Fiat put in a strong perfor-

mance, rising L146 to L4,914, Generali was marked L96 ance group was paying too much to secure control of the

Telecom Italia overcame early weakness which followed news that the company would no longer be able to charge new subscribers a compulsory advance payment on which no interest was paid. By the close, the shares were L37 higher at

Investors took profits on Par-

MADRID pushed banks and

NAPM data offsets damage in Dutch chemicals .: ing \$10bn included plans to privatise the state-run Etibank Share price & trolex (rebesed) and to sell atate properties. The composite index closed 3,138.10 bigher at 68,503.74, with activity led largely by state-owned shares.

LISBON was dragged down by the beavily weighted Banco man burnker Comercial Portugues, which dropped to an intraday low for for the year of Es1,675 as the market prepared for the admission next Tuesday of 27m new shares from a recent capital increase.

The sharea subsequently picked up but still closed Es28 weaker on the day at Est,711 and the BTA general Index gave up 17.3 to 2.796.4. # financial

on London

news lifted bond markets; the Elsewhere, Banco Espirito broad market rose in sympa-thy, the general index closing Santo turned back from a high 4.84, or 1.4 per cent higher at of Es2.524 to finish Es2 weaker at Es2,517 in spite of an annou-cement from the Espirito Santo 355.44 in turnover of Pta34.6bn. Argentaria performed best among the large banks, gain-ing Ptalso, or 3.7 per cent at group of a 16 per cent rise in half year net profits. Pta5,090. Traders said that the

BUDAPEST bounced after an eight-session losing run, the Bux index closing 38.57 higher at 2,899.04 in turnover of Fr1.01bn.

Richter, the drugs group, put on Ft500, or 8.2 per cent at Ft6,600, and accounted for about of a third of the bourse turnover after very good first half results.

Written and edited by William Measures aimed at generat-

## Rescue fund rumours break Bangkok's losing streak

worth Bt20bn (\$790m) might be set up broke a five-session losing streak for BANGKOK. The SET index rebounded by 3.25 per cent after a 33 month low, Among the active gold and an 18.2 per cent drop since

issues, TVX Gold picked up 15 cents to C\$10.65. Pangea Gold-The key index closed 34.56 higher at 1.098.60, in turnover fields rose 45 cents to C\$5.65 after the company announced of Bt6.6bn. After bours, a that it had made a significant senior broker confirmed that gold discovery on a property in Peru. Thai mutual funds and local finance companies had agreed Newbridge Networks jumped in principle to set up a support C\$1.10 to C\$60.90 as the tech-

Financials and securities nology sector continued to stocks, which had underperformed a little during the July Talisman Energy turned setback, recovered by a back from a high of C\$33.55 to slightly above average 3.4 per cent. Thai Danu Bank came back from a three day suspension, having announced an equity funding plan on Wednesday, and the shares rose Bt9 to Bt136.

#### Tokyo

Investment trust bnying belped to overcome the yen's continued strength against the dollar and profit-taking by foreign investors, and the Nikkei average rose for the first time in four trading days, writes

Emiko Terazono in Tokyo. The 225 index closed 292.00. or 1.4 per cent, higher at 20,984.83. Its swing between 20,524.82 and 21,092.34 on the day took it down through the intra-day

low of 20,627 on July 24. But the dollar regained some ground in the afternoon, prompting a rise in futures prices which, in turn, encour-

aged arbitrage buying.
Volume totalled 304m shares
against 285m. Trading remained slow ahead of the release of US second quarter GDP figures and US labour statistics. However, investment trusts placed their buying orders as the Nikkei approached its 200-day moving

average of 20,475. The Topix index of all first section stocks rose 12.95 to 1,597,38, and the Nikkei 300 by 2.29 to 296.77. Advances led

US

Pound Starting Index

The FT/S&P Actuaries World Indices are compiled by FT-SE international Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FT-SE international and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Nativest Securities Ltd. was a co-founder of the Indices.

2.5 0.5 0.4 0.5 0.4 0.6 0.8 0.3 1.8 0.7 0.4 1.5 0.7 0.4 1.6 0.7



declines by 759 to 276 with 171 In London, the ISE/Nikkei 50

index rose 2.38 to 1420.90. The yen's retreat against the dollar from the Y106 level helped high-technology stocks. Toshiba, the most active issue of the day, rose Y7 to Y710. Sony, which released firm first quarter earnings and forecasted strong growth in annual sales and profits, added Y170 to Y6,920 on buying by overseas

Car makers were also higher with Toyota up Y70 at Y2,680, Honda Y10 at Y2,590 and Nissan Motor Y18 at Y888.

Foreign investors sold trust banks\_ Mitsnbishi Trust and Banking fell Y30 to Y1,750, and Mitsui Trust and Banking Y40

Some leading banks rebounded after selling on rights issue concerns. Industrial Bank of Japan rose Y20 to Y2,330 and Dai-Ichi Kangyo Bank Y40 to Y1,840. However Sakura Bank declined Y20 to Y1,010.

Overseas Investors bought steel issues. Nippon Steel rose Y5 to Y360 and Kawasaki Steel Y5 to Y384.

Speculative issnes were mixed. Kanematsu, the trading company, rose Y22 to Y650. Daido Steel Sheet added Y130 to Y1,400 on margin trading, but Tokai Kogyo fell Y16 to Y814.

In Osaka, tha OSE average

Local

| Dollar | Index | Ind

#### rose 100.73 to 21,965.90 in volnme of 24.4m shares.

## Roundup

Toothache gave JAKARTA a break from political drama, bargain hunters came following sharp falls on the worst riots in the city in over two decades, and the JKSE composite index recovered 12.91, or 2.4 per cent, to 548.94.

A judge told a courtroom packed for the hearing of a lawsuit brought against the government hy Ms Megawati Sukarnoputri, claiming that she was illegally ousted as head of the opposition Indonesian Democratic party, that the chief judge had toothache and that the case was being postponed for three weeks.

Dow and on a 25 per cent jump In first half profits at PLDT. PLDT rose for the second successive day, ending up 35 pesos higher at 1,560 as the Manila composite index rose 80.30, or 2.65 per cent, to 3.108.64.

KARACHI crossed a key barrier to close 52.68 higher at 1,508.45 but brokers said that the 3.6 per cent rise was temporary and due to short covering. and that investors were still on the sidelines.

HONG KONG was lifted by a strong showing by properties and banks, helped forward by an overnight drop in the US long bond yield. The Hang Seng index rose 108.45 to 10,789.87 as turnover picked up to HK\$3.3bn.

HSBC rose HK\$1 to

MANUA climbed on the HK\$124.50 and Hang Seng Bank advanced 75 cents to HK\$77.50; both are to report interim results on Monday. In the property sector, Henderson Land rose HK\$1 to

HK\$56.25 and Hysan 55 cents to SINGAPORE's Straits Times Industrials index rose 7.85 to 2,119.61. Transmarco, the trading company, dropped S\$1.50 to \$\$9.90 on rumours that a major

shareholder, which also had a

substantial interest in the trou-

bled Amcol, had sold out. Company officials declined com-KUALA LUMPUR continued to rebound after Tuesday's sharp drop, and the composite index finished 19.74, or 1.9 per

United Engineers, which

cent, higher at 1,087.97.

expressway, rose 30 cents to M\$17.10 on market talk that a proposed rise in tolls had been approved. SEOUL continued to be sup-

ported by the government's savings scheme, almed at raising Won2,000bn for stock investment, and the composite index rose 13.56 to 835.27. Rumours that the govern-

ment planned to expand the foreign sbareholding celling also provided a boost. Securities stocks, likely beneficiaries of the savings

scheme, were the main gainers. The securities sub-index rose 43.36 to 1,888.70 and Samsung Securitles galned Won1,000 to Won25,100,

 Typhoon Herb closed Tainei for the second day.

7000 P 27

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0.5

423

faigefrei per eine

#### INFORMATION FOR RHÔNE-POULENC SHAREHOLDERS

#### First half results 1996

In line with the outlook previously given. Rhône-Poulenc's financial results to the end of June 1996 increased in comparison with the first half of 1995. After a first quarter in decline compared with the previous year, the Group recorded an increase in net income of 39 percent over the same period in 1995.

#### IMPROVEMENT IN OPERATIONS

Consolidated net sales increased by 0.7 percent on a comparable

Sales in Pharmaceuticals and Animal Health rose 5.6 percent, while sales in Agro increased 5.1 percent, as recently launched new products begin to contribute

In the Chemical Sector, the slight increase in valumes was not ennugh to nffset the decrease in

Lastly, the business and the earnings of the Fibres and Polymers Sector were strongly affected by the very unfavorable market conditions in polyester, particularly in Brazil

Results linked to operations(11 increased by 5.5 percent, on a comparable structure, due to a nnticeable increase in sales in Pharmaceuticals (which began to benefit in the second quarter from synergies linked to the acquisition nf Fisnns) as well as Animal Health and Agro. The Chemical Sector is showing an improvement in its results (+ 22.4 percent).

#### INCREASE IN NET INCOME

Net income rose to FRF 1,410 billion. an increase of 9.2 percent over the first half 1995.

## HIGHLIGHTS

 Increase in net income for the half year, in line with outlook

FRF L410 billion

(± 9.2 percent)

 Increase in earnings per share to FRF 4.38



• More than FRF 5 billion iu sales of non-strategic assets

Earnings per share also increased to FRF 4.38, against FRF 4.09 in

#### **CONFIRMATION OF** STRATEGIC REFOCUSING

During the first half the Group completed more than FRF 5 billion in sales of nnn-strategic assets, nf which FRF 2 billioo will be recorded in the third quarter

(1) Rhône-Poulenc's operating income + share of the net earnings of affiliated companies in which the Group has shareholding of between 20 and 50 percent.

Sales	FF unfliens	% 96/95
Health	19,012	+ 5.6
Agro	6.363	+ 5.1
Chemicals	12,542	- 2.2
Fibers and Poly	mers 5,767	- 10.4
Others **	(403)	
Total	43,281	+ 0.7
Results ***	FF militons	% 96/95*
Health	2,695	+ 9.9
Agro	1.151	+ 14.5
Chemicals	667	+ 22.4
Fibers and Poly	mers 126	-65.1
Others **	(396)	
Total	4,243	+ 55

For additional information, please contact: Individual Investor Relations: - in France: Mr Philippe Rumeau Tel (33.1) 47.68.90.97 in the U.S.A.: Mr Dwight E. Grimestad Tel (1) 908.821.3487 Internet http://www.rhone-pouleuc.com

**₽** RHÔNE-POULENC

#### 236.35 246.23 176.37 198.39 288.56 236.38 225.17 161.25 161.56 198.80 206.42 196.63 140.81 158.55 177.22 298.23 282.18 202.07 227.53 252.88 159.75 152.17 108.97 122.70 111.30 179.08 170.59 322.16 137.55 138.25 282.21 240.25 172.04 183.72 251.62 187.79 178.89 128.10 144.24 182.01 288.97 256.21 183.47 208.59 232.65 180.18 171.63 122.81 138.39 140.54 201.56 192.09 137.56 154.69 169.96 235.26 224.10 160.48 180.70 221.48 0.7 2.26 0.8 3.15 0.5 2.42 0.0 1.22 0.4 2.15 0.7 2.27 0.8 2.59 1.3 2.15 0.3 2.15 0.5 2.00 0.5 2.62 252.43 208.18 210.14 252.43 208.18 210.14 197.71 188.85 164.13 190.57 166.51 178.02 299.82 221.79 224.17 194.86 169.65 178.63 296.88 243.59 262.91 191.55 167.36 178.71 160.57 182.24 140.66 159.65 200.96 228.06 108.61 121.27 121.88 138.34 171.34 194.48 128.03 145.32 183.22 207.95 122.54 130.09 200.18 178.62 254.28 111.25 136.74 253.39 153.15 235.74 141.11 226.61 198.52 283.62 153.29 172.02 241.61 180.70 259.58 172.85 .180,68 137.07 156.56 170.73 159.95 181.55 223.15 154.69 169.96 213.05 185.61 191.06 160.70 221.48 247.55 212.62 218.87 ...205.87 0.8 196.01 138.88 157.63 175.43 0.5 2.20 204.29 164.60 139.35 156.91 174.57 214.05 188.49 194.01 Copyright, FT-SE international Liceted, Goldman, Sechs and Co. and Standard & Poor's. 1995. All rights reserved. "FT/S&P Actuaried" is a joint trademark of The Financial Times Limited and Standard & Poor's Latest prices were unavailable for this existen.

